中国建设银行
China Construction Bank

Half-Year Report 2022

China Construction Bank Corporation

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

Stock Code: 939 (Ordinary H-share)
601939 (Ordinary A-Share)
360030 (Domestic Preference Share)

Contents

Definitions

In this half-year report, unless the context otherwise requires, the following terms shall have the meanings set out below.

Abbreviations of institutions

"Bank"	China Construction Bank Corporation
"Baowu Steel Group"	China Baowu Steel Group Corporation Limited
"Board"	Board of directors
"CBIRC"	China Banking and Insurance Regulatory Commission
"CCB" or "Group"	China Construction Bank Corporation and its subsidiaries
"CCB Asia"	China Construction Bank (Asia) Corporation Limited
"CCB Brasil"	China Construction Bank (Brasil) Banco Múltiplo S/A
"CCB Consulting"	CCB Engineering Consulting Co., Ltd.
"CCB Europe"	China Construction Bank (Europe) S.A.
"CCB Financial Leasing"	CCB Financial Leasing Co., Ltd.
"CCB Futures"	CCB Futures Co., Ltd.
"CCB Indonesia"	PT Bank China Construction Bank Indonesia Tbk
"CCB International"	CCB International (Holdings) Limited
"CCB Investment"	CCB Financial Asset Investment Co., Ltd.
"CCB Life"	CCB Life Insurance Co., Ltd.
"CCB London"	China Construction Bank (London) Limited
"CCB Malaysia"	China Construction Bank (Malaysia) Berhad
"CCB New Zealand"	China Construction Bank (New Zealand) Limited
"CCB Pension"	CCB Pension Management Co., Ltd.
"CCB Principal Asset Management"	CCB Principal Asset Management Co., Ltd.
"CCB Property & Casualty"	CCB Property & Casualty Insurance Co., Ltd.
"CCB Russia"	China Construction Bank (Russia) Limited
"CCB Trust"	CCB Trust Co., Ltd.
"CCB Wealth Management"	CCB Wealth Management Co., Ltd.
"CSRC"	China Securities Regulatory Commission
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huijin"	Central Huijin Investment Ltd.
"MOF"	Ministry of Finance of the People's Republic of China

"PBC"	The People's Bank of China
"Sino-German Bausparkasse"	Sino-German Bausparkasse Co., Ltd.
"State Grid"	State Grid Corporation of China
"Yangtze Power"	China Yangtze Power Co., Limited

Platforms, products and services

"Blockchain Trade (BCTrade) Finance Platform"	An online platform integrating technologies such as blockchain, artificial intelligence, Internet of Things with trade finance to provide diversified trade finance services for market players such as financial institutions and corporate customers
"CCB Huidongni"	A one-stop comprehensive service platform built by the Bank for inclusive finance customers by using the Internet, big data, artificial intelligence and biometric technologies
"CCB Match Plus"	An open platform leveraging FinTech to provide corporate customers with cross-border smart matchmaking services and a full range of financial solutions in cross-border transaction scenarios
"CCB Start-up Station"	A one-stop online and offline comprehensive service platform featuring "Finance + Incubation + Industry + Education" for startups and innovative enterprises, established by the Bank in cooperation with government departments, venture capital companies, core enterprises, research institutions and incubators with internal and external high-quality resources
"FITS®"	Financial Total Solutions, a comprehensive investment banking brand of the Bank incorporating a host of financial products and instruments
"WMPs"	Wealth management products
"Yudao – Treasury Cloud"	A comprehensive service platform for multi-bank fund management provided by the Bank for corporate customers
"Yunong Quick Loan"	An online loan product provided by the Bank based on agricultural production and operation data, mainly for farmers and corporate customers
"Yunongtong"	A comprehensive service brand for rural revitalisation by implementing New Finance through offline inclusive finance service outlets and online comprehensive financial service platform of the Bank
"Zhangbutong"	A classified fund management product provided by the Bank for corporate customers

Others

"ESG"	Environmental, social and governance
"Listing Rules of Hong Kong Stock Exchange"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"New financial instruments standard" or "IFRS 9"	*International Financial Reporting Standard No. 9 – Financial Instruments* issued by the International Accounting Standards Board, which came into effect on 1 January 2018
"PRC GAAP"	*Accounting Standards for Business Enterprises* and other relevant requirements promulgated by the MOF on 15 February 2006 and afterwards

Important Notice

The Board, the board of supervisors, directors, supervisors and senior management of the Bank warrant that the information in this half-year report is truthful, accurate and complete and there are no false presentations, misleading statements or material omissions, and they assume several and joint legal liability for such contents.

The Half-Year Report 2022 and results announcement have been reviewed and approved at the Board meeting of the Bank held on 30 August 2022. Thirteen directors of the Bank attended the meeting in person. Due to business engagement, Sir Malcolm Christopher McCarthy appointed Mr. Leung Kam Chung, Antony as his proxy to attend and vote on his behalf.

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

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

Mr. Zhang Jinliang, vice chairman, executive director and president of the Bank, Mr. Kenneth Patrick Chung and Mr. Graeme Wheeler, independent non-executive directors of the Bank, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this half-year report.

We have included in this report certain forward-looking statements with respect to our financial position, operating results and business development. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements do not constitute a substantive commitment to investors. Please be fully aware of the risks and understand the differences between plans, projections and commitments.

The main risks faced by the Group include credit risk, market risk, operational risk, liquidity risk, reputational risk and country risk. We proactively took measures to manage various risks effectively. For more information, please refer to "Risk Management" in the "Management Discussion and Analysis".

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

1 Financial Highlights

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

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

1. Calculated in accordance with the *Rule No.9 on the Preparation of Information Disclosure of Companies Issuing Public Securities – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)* issued by the CSRC, and are attributable to ordinary shareholders of the Bank.
2. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualising the quotient.
3. Operating expenses (after deduction of taxes and surcharges) divided by operating income.

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

1. Calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional)*, the advanced capital measurement approaches, and applicable rules for the transitional period.
2. Allowances for impairment losses on loans include the allowances for impairment losses on discounted bills measured at fair value through other comprehensive income. Total loans and NPLs do not include the accrued interest.

2 Corporate Information

Legal name and abbreviation in Chinese	中國建設銀行股份有限公司(abbreviated as “中國建設銀行”)
Legal name and abbreviation in English	CHINA CONSTRUCTION BANK CORPORATION (abbreviated as “CCB”)
Legal representative	Tian Guoli
Authorised representative	Zhang Jinliang Qiu Jicheng
Secretary to the Board	Hu Changmiao
Mailing address	No. 25, Financial Street, Xicheng District, Beijing
Joint Company secretaries	Qiu Jicheng and Chiu Ming King
Principal place of business in Hong Kong	28/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong
Registered address and office address	No. 25, Financial Street, Xicheng District, Beijing Postcode: 100033 Telephone: 86-10-67597114
Website	www.ccb.com
Hotline for customer service and complaints	95533
Contact information for investors	Telephone: 86-10-66215533 Facsimile: 86-10-66218888 Email: ir@ccb.com
Media and websites for information disclosure	*China Securities Journal* www.cs.com.cn *Shanghai Securities News* www.cnstock.com *Securities Times* www.stcn.com *Securities Daily* www.zqrb.cn
Website of the Shanghai Stock Exchange for publishing the half-year report prepared in accordance with PRC GAAP	www.sse.com.cn
“HKEXnews” website of Hong Kong Exchanges and Clearing Limited for publishing the half-year report prepared in accordance with IFRS	www.hkexnews.hk
Place where copies of this half-year report are kept	Board of Directors Office of the Bank

Listing venues, stock abbreviations and stock codes	A-share:	Shanghai Stock Exchange Stock abbreviation: 建設銀行 Stock code: 601939
	H-share:	The Stock Exchange of Hong Kong Limited Stock abbreviation: CCB Stock code: 939
	Domestic preference share:	Shanghai Stock Exchange Stock abbreviation: 建行優1 Stock code: 360030

Certified public accountants	Ernst & Young Hua Ming LLP Address: 16/F, Ernst & Young Tower, Oriental Plaza, No.1 East Changan Avenue, Dongcheng District, Beijing Signing accountants: Jiang Changzheng, Tian Zhiyong and Feng Suoteng Ernst & Young Address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Legal advisor as to PRC laws	Commerce & Finance Law Offices Address: 12-14/F, China World Office 2, No.1 Jianguomenwai Avenue, Beijing
Legal advisor as to Hong Kong laws	Clifford Chance Address: 27/F, Jardine House, One Connaught Place, Central, Hong Kong
A-share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch Address: No. 188 Yanggaonan Road, Pudong New District, Shanghai
H-share registrar	Computershare Hong Kong Investor Services Limited Address: Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Rating information	Standard & Poor's: long-term "A"/short-term "A-1"/stable outlook Moody's: long-term "A1"/short-term "P-1"/stable outlook Fitch: long-term "A"/short-term "F1+"/stable outlook ESG rating of MSCI: A

3 Management Discussion and Analysis

3.1 Financial Review

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

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

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

3.1.1 Statement of Comprehensive Income Analysis

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

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

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

Net interest income

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

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

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

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

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

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

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

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

Interest income

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

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

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

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

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

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

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

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

Interest expense

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

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

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

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

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

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

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

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

Net non-interest income

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

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

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

Net fee and commission income

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

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

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

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

Other net non-interest income

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

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

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

Operating expenses

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

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

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

Impairment losses

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

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

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

Income tax expense

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

3.1.2 Statement of Financial Position Analysis

Assets

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

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

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

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

Loans and advances to customers

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

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

1. These comprise personal loans for production and operation and online business loans.
2. These comprise personal commercial property mortgage loans and home equity loans, etc.

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

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

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

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

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

Distribution of loans by type of collateral

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

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

Allowances for impairment losses on loans and advances to customers

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

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

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

Financial investments

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

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

For further details on financial instruments measured at fair value, please refer to Note "Risk Management-Fair Value of Financial Instruments" to the financial statements.

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

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

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

Debt securities

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

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

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

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

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

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

The following table sets forth the top ten financial debt securities held by the Group by par value at the end of the reporting period.

(In millions of RMB, except percentages)	**Par value**	**Annual interest rate (%)**	**Maturity date**	**Allowances for impairment losses**
Policy bank bond issued in 2019	**17,440**	**3.75**	**2029-01-25**	**7.46**
Policy bank bond issued in 2020	**16,400**	**3.74**	**2030-11-16**	**7.19**
Policy bank bond issued in 2019	**16,120**	**3.86**	**2029-05-20**	**6.95**
Policy bank bond issued in 2020	**15,980**	**3.23**	**2030-03-23**	**6.77**
Policy bank bond issued in 2020	**15,510**	**2.96**	**2030-04-17**	**6.47**
Policy bank bond issued in 2021	**14,270**	**3.52**	**2031-05-24**	**6.14**
Policy bank bond issued in 2021	**13,780**	**3.48**	**2028-02-04**	**5.95**
Policy bank bond issued in 2019	**13,140**	**3.48**	**2029-01-08**	**1.29**
Policy bank bond issued in 2021	**13,080**	**3.38**	**2031-07-16**	**5.79**
Policy bank bond issued in 2018	**12,850**	**4.00**	**2025-11-12**	**5.62**

Repossessed assets

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

Liabilities

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

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

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

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

Deposits from customers

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

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

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

Shareholder's equity

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

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

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

Off-balance sheet items

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

3.1.3 Other Financial Information

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

3.2 Business Review

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

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

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

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

3.2.1 Promotion of Three Major Strategies

House rental strategy

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

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

Inclusive finance strategy

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

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

FinTech strategy

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

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

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

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

3.2.2 Corporate Banking

Corporate financial service

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

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

Institutional business

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

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

International business

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

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

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

Asset custody service

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

Settlement and cash management business

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

3.2.3 Personal Banking

Personal financial service

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

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

Entrusted housing finance business

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

Bank card business

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

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

Private banking

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

3.2.4 Treasury Business

Financial market business

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

Money market business

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

Debt securities business

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

Customer-based trading business

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

Precious metals and commodities

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

Assets management business

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

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

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

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

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

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

Investment banking business

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

Securitisation business

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

Financial institutional business

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

3.2.5 Overseas Commercial Banking Business

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

CCB Asia

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

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

CCB London

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

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

CCB Russia

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

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

CCB Europe

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

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

CCB New Zealand

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

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

CCB Brasil

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

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

CCB Malaysia

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

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

CCB Indonesia

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

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

3.2.6 Integrated Operation Subsidiaries

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

CCB Principal Asset Management

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

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

CCB Financial Leasing

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

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

CCB Trust

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

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

CCB Life

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

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

Sino-German Bausparkasse

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

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

CCB Futures

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

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

CCB Pension

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

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

CCB Property & Casualty

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

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

CCB Investment

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

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

CCB Wealth Management

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

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

CCB International

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

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

3.2.7 Analysed by Geographical Segment

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

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

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

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

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

1. Total assets exclude elimination and deferred tax assets.

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

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

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

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

3.2.8 Entities, Outlets and E-channels

The Group provided its customers with convenient and high-quality financial services through its extensive network of branches and sub-branches, self-service facilities, specialised service entities at home and abroad as well as electronic banking service platforms. At the end of June, the Bank had a total of 14,461 operating entities, consisting of 14,427 domestic entities including the head office, 37 tier-one branches, 363 tier-two branches, 13,938 sub-branches, 87 outlets, a specialised credit card centre at the head office level, and 34 overseas entities. The Bank had 19 subsidiaries with a total of 596 entities, including 440 domestic ones and 156 overseas ones. For addresses of domestic and overseas tier-one branches and subsidiaries, please refer to the 2021 annual report of the Bank.

Physical channels

The Bank continued to optimise the layout of physical channels. While keeping the total number of outlets basically stable, it prioritised investment in channel construction in key strategic regions such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. It continuously optimised the branch network layout, considering the development of city clusters, the progress in new-type urbanisation and the trend of population migration. The Bank improved its footprints at the county level and set up 4,200 outlets in county regions. It gave full play to the leading and synergistic role of flagship stores and set up 1,987 flagship stores in total. The Bank also took measures to streamline inefficient outlets where there were too many banks, and 156 outlets were withdrawn, merged or relocated in the first half of 2022. It had 22,537 self-service banks, including 8,608 off-premise self-service banks, as well as 61,544 ATMs and 48,953 smart teller machines. Specifically, the Bank deployed 19,767 ATMs and 13,733 smart teller machines in operations at the county level, to roll out financial services across county regions. The Bank had established 252 inclusive finance (small business) service centres and over 1,800 personal loan centres. The Bank opened more than 14,000 "Workers' Harbours" to the public, promoted the "Workers' Harbour +" model, and expanded the service scope of outlets in fields such as elderly-friendly and caring services, rural revitalisation, green and low carbon transformation, legal aid, educational aid, and barrier-free services.

The Bank further improved the level of centralised and intelligent operations. The scope of centralised operations continued to expand to cover 236 items in total, including 11 new items in the first half of 2022. The average daily business volume of centralised production was 1,203.9 thousand, a year-on-year increase of 20.08%; the peak business volume was 2,215.6 thousand, a year-on-year increase of 36.41%. The Bank expanded the application scenarios of robotic process automation (RPA), and launched 226 RPA scenarios in the first half of 2022, with a total of 1,233 scenarios in service, covering 35 business areas. The Bank developed new scenarios of Intelligent Character Recognition (ICR), and applied them widely in centralised processing of business documents, replacing 47.74% of manual information collection on average.

The Bank promoted improvement in comprehensive competitiveness of outlets by focusing on customer experience and value creation objectives. In the first half of 2022, the Bank saw continuous growth in the average deposits and average number of customers of outlets. It continued to promote employee job restructuring at outlets, and the number of client managers reached 31,400, up 13.83% since the reform. The Bank upgraded digital service capabilities of outlets and encouraged customers to use mobile phones as the main interactive tool at outlets; built online and offline channel service navigation capabilities, provided customers with collaborative guidance service, and recommended the most suitable business transaction channels; reused omni-channel service resources, built a three-tier response service capability of “AI Chatbot + Human Agent + Outlet Staff” to better meet customers’ consultation needs. The Bank optimised the physical channel customer experience management system and the Voice of Experience (VOX) user community function, strengthened responses to user experience problems, and improved the transaction experience of customers and the operation experience of outlet staff.

E-channels

The Bank pursued the creation of traffic value and the improvement of user experience and took advantage of the “binary star” strategy based on “CCB Lifestyle” and mobile banking, so as to promote the high-quality development of e-channels.

Mobile finance

The Bank continued to promote the transformation of wealth-based operations of personal mobile banking, reshaped investment and wealth management services based on the concept of personal asset classification and allocation, and jointly established a “Fortune Express” with external institutions to create one-stop wealth management experience for users. It upgraded mobile banking’s daily life scenarios such as movie service in coordination with “CCB Lifestyle”. The mobile banking membership system was launched to enrich user benefits and support 400 million users during their life journey. It introduced innovative investment and wealth management services such as funds and bonds through corporate mobile banking, and launched the “Corporate Micro Banking” WeChat applet to facilitate customers to make appointments for account opening, account inquiries, and loan applications. It cooperated with government agencies and Internet companies to improve the enterprise resource planning (ERP) system for small and micro businesses, enterprise office services, and “Jianrongzhihe” intelligent matchmaking services for enterprises, to support their production and operation. At the end of June, the number of personal mobile banking users reached 428 million, an increase of 10,546.2 thousand or 2.53% over the end of 2021, with the monthly average number of active users of 156 million, and the number of transactions was 28,072 million, amounting to RMB43.12 trillion in the first half of 2022. The number of corporate mobile banking users reached 3,491.4 thousand, an increase of 519.4 thousand over the end of 2021, up 17.47%, and the number of transactions was 14,137.7 thousand, amounting to RMB1.17 trillion in the first half of 2022. The Bank’s WeChat account had 145 million followers, including 122 million users who linked their bank cards with WeChat accounts. The number of SMS financial service subscribers was 516 million.

CCB Lifestyle

The Bank steadily increased the penetration of “CCB Lifestyle”, continuously improved its products, gradually refined its operations, and started comprehensive operation. For customers, “CCB Lifestyle” continued to acquire and reactivate customers with abundant marketing activities across the country. CCB Lifestyle 2.0 was launched to serve hundreds of millions of users and meet various online needs. For merchants, the platform accelerated the introduction of key accounts (KA) to attract more traffic, launched marketable coupons to facilitate merchants’ independent operation and expanded service scope by adding travel and other scenarios. For governments, the platform achieved accelerated development by distributing consumer coupons to assist governments in stimulating consumption. By the end of June, “CCB Lifestyle” app had accumulated more than 66 million registered users, with 4 million daily active users, and nearly 280,000 high-quality merchant stores. The app accepted RMB1,224 million consumer coupons issued by local governments in 133 cities on a cumulative basis.

Online banking

The Bank updated the wealth panorama of personal online banking, improved functions of the featured zone for personal pension accounts, and optimised key transaction processes such as WMPs and savings treasury bonds. Corporate online banking launched the new sci-tech innovation zone, deployed six types of credit products including “Easy Loan for Science” for sci-tech enterprises to facilitate their development, so as to improve the quality and efficiency of financial services of the Bank. At the end of June, the number of personal online banking users rose to 398 million, an increase of 5,984 thousand or 1.53% over the end of 2021, with 2,248.1 thousand active users and 2,644 million transactions, amounting to RMB8.30 trillion in the first half of 2022. The number of corporate online banking users rose to 11,755.6 thousand, an increase of 510.6 thousand or 4.54% over the end of 2021, with 4,025.8 thousand active users and 864 million transactions, amounting to RMB138.91 trillion in the first half of 2022. The number of users of the overseas version of corporate online banking reached 19.7 thousand, an increase of 449 over the end of 2021, and the number of transactions was 133 thousand, amounting to RMB421,856 million in the first half of 2022. The average daily views of CCB’s international website reached 158 million, up 10.94% over the same period last year, and the number of registered members was 113 million.

Online payment

The Bank innovated online payment products and comprehensively upgraded cross-bank, cross-channel and cross-border payment capabilities and merchant service capabilities. In the first half of 2022, the number of online payment transactions was 24,429 million, up 4.67% year on year, amounting to RMB10.07 trillion, down 5.90% over the same period last year, which ranked the first among peers in terms of transaction volume or customer volume in payment enterprises such as Alipay, TikTok, Meituan, Pinduoduo, JD and Didi. The Bank used aggregated payment to improve the quality and efficiency of merchants' operations and drove the growth of their deposits. In the first half of 2022, the aggregated payment transactions amounted to RMB1.13 trillion, up 18.80% year on year, and the transaction share ranked the first among banking peers in both Alipay and WeChat.

Remote intelligent banking

The Bank provided remote comprehensive financial services for domestic and overseas customers anywhere and anytime through multimedia, multiple scenarios, and various service functions. It continued to expand intelligent applications and innovated "Intelligent Hot Spot Forecast" and "Intelligent Q&A" to improve service efficiency and customer experience. The WeChat official account "CCB Customer Service" had over 16.90 million followers, and the Bank aimed to make it as well-known as 95533 hotline. In the first half of 2022, the Bank handled 782 million customer inquiries across all channels through remote intelligent banking, with a customer satisfaction rate of 98.53%.

3.2.9 Digitalised Operation and Product Innovation

Digitalised operation

The Bank continued to promote digitalised operation. It focused on the "Three Major Strategies" and key business areas to promote the operation and upgrade of scenario-based platforms such as "CCB Home", "CCB Huidongni", "Yunongtong", and smart government affairs. The Bank strengthened the ecological building and operation of enterprise-level platforms, continued to improve the retail banking ecology with the "binary star" of "CCB Lifestyle" and mobile banking as the core, and accelerated the building of a corporate banking ecosystem featuring corporate online banking and corporate mobile banking.

The Bank accelerated the building of three major middle platforms in terms of business, data, and technology. The business middle platform focuses on business foundation such as users, rights and interests to create an enterprise-level ecological scenario operation basis. The "3+1" middle platforms capacity, which takes users, merchants, rights and interests, and payment as the core, released output in a faster manner. The Bank also started the building of new business middle platform capacity. The data middle platform adopted a "3+2" system, namely One Data (unified data system), One Product (intelligent data product), One Service (unified data service), data asset management and data middle platform operation system, which can provide data products and services in an efficient, stable and safe manner, and effectively facilitate the development of strategic businesses such as digitalised operation, rural revitalisation, and inclusive finance. The technology middle platform formed a relatively complete public service capacity map, and effectively supported high-frequency business scenarios including customer marketing, account opening, and agency collection and payment through services such as ICR intelligent identification, map service, etc., to promote business innovation across the Bank. By the end of June, the business middle platform had incorporated a total of 440 standardised capabilities to provide basic support for the building and operation of ecological scenarios, which had been applied to 49 scenario-based platforms across the Bank; the data middle platform had deployed more than 100 data products such as user and customer tags, and its service station had launched more than 3,100 data services, with a daily utilisation of over 2.9 million data at peak times; and the technology middle platform had accumulatively released 133 public services, and its average daily utilisation doubled over the end of 2021.

Product innovation

The Bank continued to strengthen the overall management of product innovation, upgraded the "Enterprise-level Product Family Management Platform", and enhanced the lifecycle closed-loop management of products. Relying on the "Mass Innovation Platform", the Bank strengthened the overall management of ideas, promoted idea circulation, coordination and integration, and assessed innovative ideas and provided incentives. The Bank systematically promoted the enterprise-level coordination of requests and capacity building in business architecture, established a cross-department and cross-field research mechanism for strategic capability needs, and used the business architecture approach to promote the approval of strategic innovation projects at the head office in a coordinated manner. Based on the business structure and business model asset platform, the Bank realised business knowledge sharing and process visualisation across the Bank and created digitalised empowerment tools for process optimisation and business innovation and design.

In the first half of 2022, the Bank focused on key business areas such as the "Three Major Strategies", rural revitalisation, green finance, mega wealth management, and pension finance. At the head office level, it had approved 10 strategic innovation projects and completed 9 key innovation projects. At the branch level, it had completed 169 independent innovation projects and 279 portable innovation projects. The "Mass Innovation Platform" had more than 142,300 active users, launched 528 creation campaigns, and collected 40,400 ideas, of which 10,042 had been approved and 4,000 implemented.

3.3 Risk Management

In the first half of 2022, the Group adhered to the concept of comprehensive risk management, continued to enhance the risk governance system, improved the coordinated risk control mechanism among three lines of defence, between parent and subsidiaries, as well as at home and abroad, and optimised management mechanisms for risk appetite, credit policies and limit plans. It coordinated development and safety, and actively implemented various relief policies to facilitate the smooth operation of economy and safeguard the sound operation of the Group.

The Group strengthened the building of a comprehensive, proactive, intelligent and modern risk management system, and optimised management tools for risk assessment, risk profiling, process standardisation and stress testing. It steadily pressed ahead with Basel III compliance, policy revision and system transformation, promoted the building of the intelligent risk control system, upgraded mobile risk control, RPA, anti-fraud and AML capabilities, and facilitated product innovation and business development including inclusive finance and green finance.

3.3.1 Credit Risk Management

In the first half of 2022, the Group continued to enhance risk studies, prospectively and proactively responded to risk challenges, promoted credit structure adjustments, and reinforced management of credit fundamentals. Accordingly, the Group's asset quality remained stable.

The Group continued to maintain sound credit risk management. It further refined guidance of credit policies, improved industry research capabilities, made efforts to optimise credit structure, refined scientific and technological innovation evaluation system featuring "technology flow", and supported the high-quality development of the real economy. It deepened environmental and climate risk management, formulated green finance strategies, and promoted green transformation of businesses. It accelerated the building of digital capability of credit management and improved the intelligence level of lending, collection and other links. It strengthened risk monitoring in key areas, enhanced coordinated management of credit risks between parent and subsidiaries, and improved quality and efficiency of risk management.

The Group strengthened the management of credit approval lines. It pursued dynamic and differentiated authorisation to guarantee the approval authority of key businesses and institutions; strictly implemented its credit approval strategy, strengthened risk control in key areas, and further optimised credit structure; improved standardisation of compliance review and rating verification; enhanced consolidated credit management and consistent risk appetite at the group level; improved the quality evaluation of credit approval at branches and promoted the whole-process refined management of the credit approval business.

The Group consolidated the foundation of risk measurement management. It accelerated the development of evaluation tools for sci-tech enterprises, continued to promote the building of the ESG rating system for corporate customers, optimised customer rating rules of house rental enterprises, and developed a new risk assessment model for rural collective economic organisations to enhance its strategic support capacity. It launched new scorecards for small and micro businesses to adapt to their risk characteristics in the post-pandemic era, improved customer identification and evaluation ability, and effectively supported and served the real economy.

The Group improved the quality and efficiency of special assets operation. It intensified disposal efforts and optimised disposal structure for risk resolution and value creation; disposed of several non-performing items by coordinating the use of creditors' committee mechanisms, restructuring, market-oriented debt-to-equity swaps and other approaches; applied the online bidding model of the "Long Market" non-performing asset trading platform to effectively improve trading efficiency and recovery value; promoted the iterative development of platforms and the implementation of big data applications, and continuously advanced digitalised operation and refined management.

Distribution of loans by five-category classification

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

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

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

Distribution of loans and NPLs by product type

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

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

Distribution of loans and NPLs by industry

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

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

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

Restructured loans and advances to customers

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

(In millions of RMB, except percentages)	**As at 30 June 2022**		As at 31 December 2021	
	Amount	**% of gross loans and advances excluding accrued interest**	Amount	% of gross loans and advances excluding accrued interest
Restructured loans and advances to customers	**8,657**	**0.04**	9,243	0.05

At the end of June, the balance of restructured loans and advances to customers was RMB8,657 million, a decrease of RMB586 million from the end of last year; their proportion in gross loans and advances excluding accrued interest was 0.04%.

Overdue loans and advances to customers

The following table sets forth the Group's overdue loans and advances to customers by overdue period as at the dates indicated.

(In millions of RMB, except percentages)	**As at 30 June 2022**		As at 31 December 2021	
	Amount	**% of gross loans and advances excluding accrued interest**	Amount	% of gross loans and advances excluding accrued interest
Overdue within three months	**69,481**	**0.34**	48,846	0.26
Overdue between three months and six months	**27,095**	**0.13**	18,910	0.10
Overdue between six months and one year	**27,942**	**0.14**	36,239	0.19
Overdue between one and three years	**54,933**	**0.27**	57,633	0.31
Overdue for over three years	**18,200**	**0.09**	14,833	0.08
Total overdue loans and advances to customers	**197,651**	**0.97**	176,461	0.94

At the end of June, the balance of overdue loans and advances to customers increased by RMB21,190 million from the end of last year to RMB197,651 million; their proportion in gross loans and advances excluding accrued interest increased by 0.03 percentage points.

Migration rate of loans

(%)	**As at 30 June 2022**	As at 31 December 2021	As at 31 December 2020
Migration rate of normal loans	**1.66**	1.17	1.66
Migration rate of special mention loans	**16.08**	13.70	18.01
Migration rate of substandard loans	**38.40**	30.85	51.72
Migration rate of doubtful loans	**45.61**	38.16	24.91

1. The migration rate of loans was calculated according to the definition of indicators revised in 2022 by the CBIRC on a consolidated basis. The data as at 30 June 2022 were annualised and prior years' comparatives were adjusted accordingly.

Large exposures management

The Group continued to refine the large exposures management system. It increased the dimension of management analysis, optimised the analysis platform at the group level based on large exposure data and gave full play to management efficiency. It expanded management priorities, improved management mechanisms, optimised functions of data processing systems of overseas institutions, and improved the level of automation to realise digitalised management and control.

Concentration of loans

At the end of June, the Group's gross loans to the largest single borrower accounted for 4.33% of its total capital after regulatory adjustments, while those to the top ten customers accounted for 14.08% of its total capital after regulatory adjustments.

(%)	**As at 30 June 2022**	As at 31 December 2021	As at 31 December 2020
Proportion of loans to the largest single customer	**4.33**	4.24	3.55
Proportion of loans to top ten customers	**14.08**	12.83	11.84

The Group's top ten single borrowers as at the date indicated are as follows.

		As at 30 June 2022	
(In millions of RMB, except percentages)	**Industry**	**Amount**	**% of total loans and advances excluding accrued interest**
Customer A	Transportation, storage and postal services	**147,930**	**0.73**
Customer B	Finance	**63,141**	**0.31**
Customer C	Leasing and commercial services	**47,974**	**0.24**
Customer D	Production and supply of electric power, heat, gas and water	**40,150**	**0.20**
Customer E	Transportation, storage and postal services	**34,936**	**0.17**
Customer F	Transportation, storage and postal services	**31,103**	**0.15**
Customer G	Transportation, storage and postal services	**30,689**	**0.15**
Customer H	Transportation, storage and postal services	**30,458**	**0.15**
Customer I	Finance	**27,912**	**0.14**
Customer J	Transportation, storage and postal services	**26,283**	**0.13**
Total		**480,576**	**2.37**

3.3.2 Market Risk Management

In the first half of 2022, the Group continued to strengthen risk management of trading and investment business. It promoted the application of credit bond risk management and control platform, strengthened risk screening of bond underwriting business, and strictly assessed post-investment risk management. It enhanced risk monitoring and early warning of financial market trading business, optimised limit control mechanism, and strengthened risk management of share-related businesses at the group level amid stock market fluctuations. It improved the risk management system of asset management business at the group level and strengthened the management of financial institution customers. It advanced the construction of the "Blue Chip" risk control platform for investment and trading business and launched the function of the new standardised approach for market risk.

Value at risk analysis

The Bank divides all of its on- and off-balance sheet assets and liabilities into trading book and banking book. The Bank performs value at risk (VaR) analysis on its trading portfolio to measure and monitor the potential losses that could occur on risk positions taken, due to movements in interest rates, foreign exchange rates and other market prices. The Bank calculates the VaRs of its RMB and foreign currency trading portfolios on a daily basis (at a confidence level of 99% and with a holding period of one trading day).

The VaR analysis on the Bank's trading book as at the balance sheet date and during the respective periods is as follows.

(In millions of RMB)	**Six months ended 30 June 2022**				Six months ended 30 June 2021			
	As at 30 June	**Average**	**Maximum**	**Minimum**	As at 30 June	Average	Maximum	Minimum
Risk valuation of trading portfolio	**135**	**137**	**181**	**100**	147	163	195	127
Interest rate risk	**27**	**27**	**38**	**23**	63	64	89	41
Foreign exchange risk	**128**	**134**	**171**	**103**	134	163	195	110
Commodity risk	**10**	**4**	**24**	**–**	11	12	45	–

Interest rate risk management

The Group established interest rate risk management framework and system in light of its own condition and implemented robust and prudent interest rate risk management strategy. The interest rate risk policy is in line with the Group's development strategy, risk appetite and risk management capability, and seeks to achieve a healthy balance between interest rate risk and profitability, minimise the adverse impact from interest rate changes on net interest income and economic value, and ensure steady profit growth and stable capital structure. The Group employed a range of methods to measure and analyse the interest rate risk on banking book, including repricing gap analysis, sensitivity analysis of net interest income and economic value, duration analysis, stress testing, and economic capital analysis. The Group performed a combination of interest rate risk management and evaluation by utilising balance sheet quantitative tool, internal and external pricing tool, plan and performance appraisal and internal capital evaluation to effectively control the interest rate risk level of business lines, overseas entities and subsidiaries, and ensure that the interest rate risk on banking book is within a reasonable level.

In the first half of 2022, the Group paid close attention to domestic and overseas economic landscapes and changes in macro policies, strengthened its support for key areas and weak links in the real economy, effectively reduced corporate financing costs, reasonably responded to operational and management challenges, and maintained stable, coordinated and sustainable growth of assets and liabilities. At the same time, it closely monitored the trend of interest rates of deposits, loans and bonds, and changes in asset and liability maturities, promoted the reform of deposit pricing mechanism in a well-ordered manner, optimised internal and external pricing strategies, and improved pricing management to secure high-quality development. It strengthened the assessment of interest rate risk management of overseas entities and optimised the interest risk limit system when appropriate. It continued to develop and upgrade the interest rate risk management system, reassessed interest rate risk management systems and models, optimised system functions, strengthened forward-looking prediction capabilities, and effectively improved the intelligent and digitalised management. During the reporting period, the results of the stress testing indicated that the interest rate risk of the Group is under control, with various indicators kept within the limits.

Interest rate sensitivity gap analysis

The analysis of interest rate sensitivity gaps of the Group's assets and liabilities as at the dates indicated by the next expected repricing dates or maturity dates (whichever are earlier) is set out below.

(In millions of RMB)	**Non-interest-bearing**	**Less than three months**	**Between three months and one year**	**Between one year and five years**	**More than five years**	**Total**
Interest rate sensitivity gap as at 30 June 2022	**375,135**	**(8,507,162)**	**8,467, 217**	**(2,165,309)**	**4,511,971**	**2,681,852**
Accumulated interest rate sensitivity gap as at 30 June 2022		**(8,507,162)**	**(39,945)**	**(2,205,254)**	**2,306,717**	
Interest rate sensitivity gap as at 31 December 2021	292,290	(3,954,633)	4,229,630	(1,773,860)	3,820,695	2,614,122
Accumulated interest rate sensitivity gap as at 31 December 2021		(3,954,633)	274,997	(1,498,863)	2,321,832	

At the end of June, the negative repricing gap of the Group's assets and liabilities with maturities of less than one year was RMB39,945 million, a decrease of RMB314,942 million from the end of last year, primarily due to the growth of deposits from banks and non-bank financial institutions with maturities of less than one year. The positive gap of the Group's assets and liabilities with maturities of more than one year was RMB2,346,662 million, an increase of RMB299,827 million from the end of last year, primarily due to a large increase in medium to long-term debt securities investments.

Net interest income sensitivity analysis

The net interest income sensitivity analysis is based on two scenarios. The first assumes that all yield curves rise or fall by 100 basis points in a parallel way, while the interest rates for deposits at the PBC remain the same; the second assumes that the interest rates for deposits at the PBC and the demand deposits remain the same, while the other yield curves rise or fall by 100 basis points in a parallel way.

The change in net interest income of the Group under different scenarios as at the specified dates is set out below.

	Scenario 1: the interest rates for deposits at the PBC being constant		Scenario 2: the interest rates for deposits at the PBC and the demand deposits being constant	
(In millions of RMB)	Rise by 100 basis points	Fall by 100 basis points	Rise by 100 basis points	Fall by 100 basis points
As at 30 June 2022	**(79,546)**	**79,546**	**63,836**	**(63,836)**
As at 31 December 2021	(53,453)	53,453	76,805	(76,805)

Exchange rate risk management

The Group is exposed to exchange rate risk primarily because of the currency mismatch of the assets and liabilities it holds in currencies other than RMB and the positions it takes as a market maker in the financial markets. The Group measures and analyses its exchange rate risk by using a combination of methods such as exchange rate risk exposure and stress testing, and controls and mitigates its risk by matching its assets and liabilities, setting limits, and hedging.

In the first half of 2022, the Group adhered to a prudent and sound exchange rate risk management strategy, paid close attention to the changes in global economic and financial landscapes, and actively responded to fluctuations in the exchange rate market. Based on the judgement for the reasons and trends of exchange rate changes, the Group carried out risk screening and stress testing. During the reporting period, the Group's exchange rate risk indicators continued to satisfy regulatory requirements of the CBIRC. The stress testing results showed that the overall risk was under control.

Currency concentrations

The Group's currency concentrations as at the dates indicated are set out below.

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

At the end of June, the Group's net exposure to exchange rate risk was RMB50,814 million, a decrease of RMB3,501 million from the end of last year, mainly due to a decline in net USD exposures.

3.3.3 Operational Risk Management

In the first half of 2022, the Group actively met the implementation requirements of Basel III, deepened operational risk management, improved the business continuity management system, strengthened employee behaviour management and ensured continuous business operations.

The Group strengthened loss data management, optimised the operational risk management system, and steadily implemented the new standardised approach for operational risk under Basel III. It carried out a new round of business impact analysis, determined the appropriate scope of analysis, established and optimised analysis standards, assessed business recovery levels objectively and prudently, and enhanced refined business continuity management. It strengthened employee behaviour management, optimised the grid management mechanism, and intensified model development to further reduce potential losses due to improper employee behaviour.

Anti-money laundering

In the first half of 2022, the Group proactively adapted to changes in the AML, thoroughly practised the "risk-based" management approach, further promoted the building of the AML management system, and integrated AML management into product development, process design, business management and routine operations to meet the regulatory requirements.

3.3.4 Liquidity Risk Management

In the first half of 2022, China's monetary policies operated in a more forward-looking, precise and independent manner, with reasonable and sufficient liquidity in the banking system. The Group adhered to the principle of robust and prudent liquidity risk management, proactively responded to monetary policy changes, appropriately arranged the sources and utilisation of funding, dynamically controlled the size of liquidity reserves, and safeguarded the coordinated development of assets and liabilities, ensuring the security in payment and settlement across the Bank. The Group gave full play to the role of a market stabiliser to prevent and mitigate the financial risk. It strengthened the application of FinTech, enhanced refined management, and consolidated the foundation of liquidity management, with various indicators continuing to meet the requirements.

Stress testing of liquidity risk

The Group conducted quarterly stress testing on its liquidity risk in order to gauge its risk tolerance in unlikely extreme scenarios and other adverse scenarios. It kept improving its liquidity risk stress testing methods in accordance with regulatory and internal management requirements. The results of stress testing showed that under different stress scenarios, the Group's liquidity risk was under control.

Indicators of liquidity risk management

The Group adopted liquidity indicator analysis, remaining maturity analysis and undiscounted cash flow analysis to measure the liquidity risk.

The following table sets forth the liquidity ratios and loan-to-deposit ratio of the Group as at the dates indicated.

(%)		Regulatory threshold	**As at 30 June 2022**	As at 31 December 2021	As at 31 December 2020
Liquidity ratio[1]	RMB	≥25	**63.64**	59.32	55.66
	Foreign currency	≥25	**70.82**	70.58	58.64
Loan-to-deposit ratio[2]	RMB		**82.48**	82.28	78.49

1. Calculated by dividing current assets by current liabilities in accordance with the requirements of the CBIRC.
2. Calculated on the basis of domestic legal person in accordance with the requirements of the CBIRC.

In accordance with the requirements of the *Administrative Measures for Liquidity Risk Management of Commercial Banks*, the liquidity coverage ratio of a commercial bank equals to high-quality liquid assets divided by net cash outflows in the future 30 days. High-quality liquid assets of the Group consist mainly of securities guaranteed or issued by sovereign states and central banks with a risk weight of zero or 20%, and central bank reserves that can be drawn down under stress scenarios. The average daily liquidity coverage ratio of the Group for the second quarter of 2022 was 138.78%, meeting the regulatory requirements. It increased by 2.72 percentage points over the previous quarter, mainly due to the increase in high-quality liquid assets.

The following table sets forth the liquidity coverage ratio of the Group as at the dates indicated.

(In millions of RMB, except percentages)	**Second quarter 2022**	First quarter 2022	Fourth quarter 2021
High-quality liquid assets	**4,942,560**	4,743,249	4,756,263
Net cash outflows	**3,565,585**	3,495,446	3,536,514
Liquidity coverage ratio (%) [1]	**138.78**	136.06	134.70

1. Calculated in accordance with the applicable regulatory requirements, definitions and accounting standards for the period. All figures represent simple arithmetic means of the values for every calendar day in the quarter.

Net stable funding ratio (NSFR) is calculated by dividing the available stable funding by the required stable funding. It is used to evaluate whether commercial banks have sufficient and stable funding sources to meet the needs of various assets and off-balance sheet risk exposures. According to the applicable regulatory requirements, definitions and accounting standards for the period, at the end of June 2022, the Group's NSFR was 126.05%, meeting the regulatory requirements. It was 0.83 percentage points higher than that as at the end of March, mainly due to the increase in the available stable funding as a result of the increase in wholesale funding; it was 0.30 percentage points higher than that as at the end of 2021, mainly due to the increase in the available stable funding as a result of the increase in retail deposits and deposits from small business customers.

The following table sets forth the NSFR of the Group as at the dates indicated.

(In millions of RMB, except percentages)	**As at 30 June 2022**	As at 31 March 2022	As at 31 December 2021
Available stable funding	**23,226,228**	22,396,849	21,315,282
Required stable funding	**18,426,322**	17,886,114	16,950,020
NSFR (%)	**126.05**	125.22	125.75

Please refer to "Unaudited Supplementary Financial Information" for more details of liquidity coverage ratio and net stable funding ratio.

The analysis of the Group's assets and liabilities by remaining maturity as at the dates indicated is set out below.

(In millions of RMB)	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Net gaps as at 30 June 2022	**3,000,211**	**(13,085,586)**	**(46,027)**	**(673,173)**	**(1,070,425)**	**2,262,916**	**12,293,936**	**2,681,852**
Net gaps as at 31 December 2021	2,868,925	(11,721,520)	(710,960)	(538,269)	(1,001,397)	2,332,329	11,385,014	2,614,122

The Group regularly monitored the maturity gaps between its assets and liabilities for various businesses in order to assess its liquidity risk in different time periods. As at 30 June 2022, the cumulative maturity gap of the Group was RMB2.68 trillion, an increase of RMB67,730 million over the end of 2021. The negative gap for repayment on demand was RMB13.09 trillion, an increase of RMB1,364,066 million over the end of 2021, mainly due to the Group's relatively fast growth of deposits with the expansive customer base. Considering the low turnover rate of the Group's demand deposits and steady growth of deposits, the Group expects to enjoy a steady source of funding and maintain stable liquidity in the future.

3.3.5 Reputational Risk Management

The Group earnestly implemented the regulatory requirements, optimised systems and working mechanisms, and strengthened the building of the reputational risk management system. It adhered to the forward-looking, comprehensive, proactive and effective management principle for reputational risk, and strengthened the source management and comprehensive governance. It attached great importance to the identification and early warning of potential reputational risk factors, strengthened the professional training and exchanges, raised the awareness of reputational risk prevention and control of all employees. The Group strengthened daily public opinion monitoring, enhanced its capability in quick response to media opinions and constantly optimised its internal products, policies and processes in light of public opinion supervision. During the reporting period, the Group steadily improved its reputational risk management practices and effectively safeguarded its good corporate image and reputation.

3.3.6 Country Risk Management

In strict compliance with the regulatory requirements, the Bank incorporated country risk management into the comprehensive risk management system. The Board assumes the ultimate responsibility for the effectiveness of country risk management. The senior management carries out country risk management policies approved by the Board. The Group used a range of tools to manage country risk, including evaluation and rating, risk limit, exposure monitoring, provisioning, and stress testing.

In the first half of 2022, in the context of a complex and severe external situation, the Group continued to strengthen country risk management in strict compliance with the regulatory requirements and based on business development practices. It closely monitored changes in country risk exposures, dynamically reassessed country risk ratings and limits, continued to strengthen the country risk alert mechanism and enhanced its country risk mitigation capabilities. The Group's country risk exposure was mainly concentrated in countries and regions with "low" or "relatively low" country risk, and the overall country risk was maintained at a reasonable level.

3.3.7 Consolidated Management

In the first half of 2022, the Group continuously enhanced consolidated management and reinforced various aspects of the practise, including business collaboration, corporate governance, risk management and capital management. It strengthened the strategic management of subsidiaries and deepened the building of the parent-subsidiary coordination system. It optimised subsidiaries' corporate governance mechanism and clarified the responsibilities of subsidiaries' board of directors for risk management. It continued to optimise the consolidated management system and improved the automation level of consolidated management.

3.3.8 Internal Audit

The Bank's internal audit is committed to evaluating and supervising the improvement of risk management, control and governance processes, promoting value creation and improving business operation. Focusing on the goal of "supporting strategy implementation, strengthening governance, preventing risks and promoting development", it continues to deepen and improve its audit mechanisms to cover all relevant aspects, highlight key areas, coordinate the overall business with priorities and agility, and tackle similar problems in other areas with a typical audit finding, and covers auditable units of all business segments with its audit procedures.

In the first half of 2022, the Group performed audit procedures on businesses such as loans to large and medium-sized enterprises, special assets resolution, small business loans, personal loans, liability products and services, asset management business, custody service, agency business, channel operation and operational risk management, financial management, AML, protection of consumers' rights and interests, related party transactions, and FinTech. It performed in-depth research and analysis on the underlying causes of identified issues to drive the improvement in management mechanisms, business processes and internal management, and effectively promoted the stable and healthy development of the Bank's operation and management.

3.4 Capital Management

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

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

3.4.1 Capital Adequacy Ratios

Capital adequacy ratios

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

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

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

Please refer to “Risk management – Capital management” in the notes to the financial statements for details of composition of capital.

Risk-weighted assets

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

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

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

3.4.2 Leverage Ratio

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

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

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

For details of the leverage ratio, please refer to "Unaudited Supplementary Financial Information".

3.5 Discussions on Key Topics in Business Development

Impact of Domestic COVID-19 Epidemic and the Group's Main Countermeasures

In the first half of 2022, the sporadic resurgence of COVID-19 cases in regions such as Shanghai and Beijing had disrupted production and life and affected economic operation to a greater degree. China's economy was under the triple domestic pressures of shrinking demand, disrupted supply and weakening expectations, and the banking industry was faced with severe external operating environment. The Group introduced multiple measures to support responses to COVID-19 and economic and social development, and effectively promoted a virtuous circle of serving the high-quality development of the real economy and realising its own high-quality development. As the resurgent cases were effectively suppressed, the economy saw a stable pickup, and the Group reported steady growth in assets and liabilities and delivered an expected growth in profit.

Securing efficient and smooth supply of basic financial services. The Group established emergency mechanisms such as two responsible persons for one key position and mutual backup of workplaces, and established emergency responses for businesses in areas severely affected by COVID-19. It built an emergency demand response green channel for COVID-19 prevention and control such as materials procurement, account opening, and fund remittance to ensure the sound operation of the payment and settlement system. It made effective arrangements for outlet operations and implemented protection measures against COVID-19 of the personnel, venues, and equipment, to satisfy customers' needs for cash service. It provided financial services through digital means such as outlet channels in "CCB Lifestyle" app, "Cloud Workshop" for client managers and "CCB Huidongni" to avoid the gathering of customers at outlets. It expanded "Yunongtong" service sites and e-channels to improve the availability of rural financial services and made full use of the "Workers' Harbour" to provide convenient services to groups in need.

Increasing credit support for COVID-19 responses and key areas. For areas seriously affected by COVID-19, it established a "whitelist" system for key customers of COVID-19 prevention and control to fully meet the loan needs of key enterprises supporting COVID-19 prevention and control, people's livelihood and other fields; created a "green channel" for credit approval, and provided preferential policies for loans to enterprises in the whitelist for COVID-19 prevention and control and resumption of work and production. For coronavirus-stricken enterprises that had development prospects but were in temporary financial difficulties, the Group optimised the criteria and procedures for refinancing and loan extension. The Group implemented differentiated policies for transfer pricing of internal funds and economic capital assessment and increased its support for key areas of the real economy such as inclusive finance, green development, manufacturing, and rural revitalisation. It built a "green channel" reporting mechanism for bond underwriting to help enterprises engaging in COVID-19 prevention and control raise funds for production.

Surrendering profit to the real economy by helping ease enterprises' difficulties. The Group increased its efforts to provide reliefs to market entities, such as small and micro businesses, by reducing fee items and providing card acquiring fee concessions or exemptions for individual merchants, and providing arrangements for renewal of loans, extension of loan principal repayments, grace periods and frequency adjustments of interest settlement for eligible small and micro businesses in accordance with market-based principles. It improved and enriched online service scenarios and functions of residential mortgages, and formulated differentiated personal loans repayment arrangements for those affected by COVID-19, offering four types of reliefs: repayment grace, lower monthly repayment, suspension of monthly repayment and term extension. For key groups who were significantly hit by COVID-19, such as truck drivers, the Group adjusted their personal loan arrangements, accepted deferred credit card repayments and provided credit protection measures for eligible customers according to their needs. It also optimised the pricing authorisation for inclusive finance loans, and the interest rate for new inclusive loans granted to small and micro businesses in the first half of 2022 decreased by 8 basis points from 2021.

Consolidating the bottom line of risk prevention and control. The Group maintained a steady and prudent risk appetite, deepened its comprehensive, proactive and intelligent risk management, and ensured that the credit asset quality is stable and controllable. It increased efforts in the disposal of non-performing assets, accelerated risk resolution in areas such as real estate loans, local government hidden debts and major projects, and broadened disposal channels. It also adhered to a robust and prudent liquidity management strategy and provided liquidity support to financial institutions in regions severely affected by COVID-19 while ensuring the risk is controllable.

Real Estate Loans

In the first half of 2022, the Group continued to provide financial services to the housing sector. It pressed ahead with the house rental strategy, continued to support the development of long-term rental housing and increased its support for indemnificatory rental housing. In respect of residential mortgages, the Group strictly implemented regulatory requirements, enforced differentiated housing credit policies, actively supported the firm and rational housing needs, prevented various risks in a coordinated manner, and ensured the sustainable, stable and healthy development of its residential mortgage business. In terms of corporate real estate loans, the Group obtained an accurate understanding of real estate policies, paid close attention to the development of the real estate industry, and steadily and orderly mitigated risks in the real estate sector. At present, the Bank has few loans granted to projects with suspended construction and delayed delivery, and the related risk is controllable. The NPL ratios of 2.98% for loans to the real estate industry and 0.25% for residential mortgages demonstrated that the overall risk was controllable.

The Group will adhere to the positioning that "housing is for living in, not for speculation", maintain the stable and orderly supply of real estate loans to meet reasonable capital needs in the real estate sector, steadily advance the house rental strategy, consolidate the foundation of business development, strengthen risk prevention and control, and promote the steady and healthy development of the real estate industry.

Asset Quality

In the first half of 2022, the Group adhered to proactive risk control and further clarified the responsibility for risk prevention and control in key areas. The key indicators remained stable. At the end of June, the Group's NPLs were RMB285,509 million, an increase of RMB19,438 million over the end of 2021; its NPL ratio was 1.40%, down 0.02 percentage points from the end of 2021. Specifically, the NPL ratios of domestic corporate loans and personal loans were 2.15%, and 0.44% respectively, and that for overseas operations and subsidiaries was 2.38%. In the first half of 2022, the Group's credit impairment losses on loans and advances to customers were RMB93,032 million, a decrease of RMB1,418 million or 1.50% from the same period last year. Specifically, provisions for credit impairment losses on domestic corporate loans and discounted bills were RMB71,354 million, a decrease of RMB7,861 million or 9.92% from the same period last year, while credit impairment losses on domestic personal loans were RMB17,705 million, an increase of RMB3,632 million or 25.81% from the same period last year.

In the face of complex and challenging external business environment, the Group will adhere to the bottom-line thinking, firmly safeguard the bottom line of wiping out systematic financial risk, continue to improve its ability to anticipate, address and mitigate financial risks, and ensure that its credit assets quality is within a reasonable range.

Management of TLAC

According to the *Administrative Measures on the Total Loss-absorbing Capacity of Global Systemically Important Banks* jointly issued by the PBC, the CBIRC and the MOF in 2021, as the Bank is a Bucket 2 G-SIB, the applicable capital and total loss-absorbing capacity requirements shall be no less than 20% from 2025 (including 2.5% capital conservation buffer requirements and 1.5% capital surcharge requirements for G-SIBs), and no less than 22% from 2028.

To meet the regulatory requirements on TLAC, the Group, considering its actual conditions, will continue to adhere to its steady and prudent capital management strategy, maintain adequate capitals, continuously optimise business structure and income structure, and improve the efficiency of capital use. The Group will also comprehensively consider internal and external factors such as the balanced development needs of assets and liabilities and the regulatory policies and requirements, issue non-capital TLAC bonds in a coordinated manner, and steadily and orderly promote TLAC regulatory compliance.

E-CNY Pilots and Promotion

In the first half of 2022, under the unified leadership of the PBC, the Bank actively and steadily advanced the R&D pilot of e-CNY and achieved positive results. It initially established an e-CNY service model that is "accessible to all" by building a comprehensive e-CNY wallet service system to provide e-CNY payment solutions for various groups of customers, including the elderly, minors and overseas visitors. It promoted the development of e-CNY to make it "widely accepted" by building an e-CNY acceptance environment, where e-CNY can be used in various scenarios such as corporate and personal banking and online and offline channels, to effectively meet users' retail consumption needs such as "basic necessities of life, entertainment and shopping". Adhering to the concept of openness and win-win progress, the Bank empowered cooperative banks, third-party payment institutions, leading Internet enterprises and state-owned enterprises to jointly promote the application of e-CNY; actively undertook the issuance of local governments consumption vouchers, and gradually formed a pattern of co-building of the e-CNY market by multiple entities.

Next, the Bank will, in line with the unified arrangement of the PBC, press ahead with the building of the acceptance environment and cultivate users' habits; continue to promote the iterative optimisation of e-CNY products and services to enhance customer experience; continue to advance application innovation and technological innovation to explore the advantages and features of e-CNY; and continue to strengthen e-CNY risk prevention and control capability to hold the bottom line of risk prevention and control.

3.6 Prospects

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

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

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

4 Corporate Governance

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

4.1 Shareholders' General Meeting

On 23 June 2022, the Bank held the 2021 annual general meeting, which reviewed and approved proposals including the 2021 report of the board of directors, 2021 report of the board of supervisors, 2021 final financial accounts, 2021 profit distribution plan, 2022 fixed assets investment budget, election of executive director, non-executive directors, independent non-executive directors, shareholder representative supervisor and external supervisor, the appointment of external auditors for 2022, the amendments to the Bank's articles of association. The executive director, namely Mr. Tian Guoli, the non-executive directors, namely Mr. Xu Jiandong, Mr. Zhang Qi, Mr. Tian Bo, Mr. Xia Yang, Ms. Shao Min and Ms. Liu Fang, and the independent non-executive directors, namely Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen and Mr. Leung Kam Chung, Antony attended the meeting. The directors' attendance rate was 100%. The domestic and international auditors of the Bank, and the legal advisors as to PRC laws and Hong Kong laws of the Bank also attended the meeting. The convening of this shareholders' general meeting was in compliance with procedures prescribed by relevant laws and regulations. The announcement on the resolutions of the meeting was published on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Bank on 23 June 2022, and on the Bank's designated newspapers for information disclosure on 24 June 2022.

4.2 Profiles of Directors, Supervisors and Senior Management

4.2.1 Particulars of Directors, Supervisors and Senior Management

Directors of the Bank

Members of the Bank's Board include executive directors: Mr. Tian Guoli and Mr. Zhang Jinliang; non-executive directors: Mr. Xu Jiandong, Mr. Zhang Qi, Mr. Tian Bo, Mr. Xia Yang, Ms. Shao Min and Ms. Liu Fang; and independent non-executive directors: Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain, Mr. William Coen and Mr. Leung Kam Chung, Antony.

Supervisors of the Bank

Members of the Bank's board of supervisors include shareholder representative supervisors: Mr. Wang Yongqing, Mr. Yang Fenglai and Mr. Lin Hong; employee representative supervisors: Mr. Wang Yi, Mr. Liu Jun and Mr. Deng Aibing; and external supervisors: Mr. Zhao Xijun, Mr. Liu Huan and Mr. Ben Shenglin.

Senior management of the Bank

Senior management of the Bank include Mr. Zhang Jinliang, Mr. Ji Zhihong, Ms. Zhang Min, Mr. Li Yun, Mr. Hu Changmiao, Mr. Jin Panshi and Mr. Cheng Yuanguo.

4.2.2 Changes in Directors, Supervisors and Senior Management

Directors of the Bank

Upon election at the 2021 annual general meeting of the Bank and approval of the Board of the Bank, Mr. Zhang Jinliang commenced his position as vice chairman and executive director of the Bank from June 2022. Upon election at the 2021 annual general meeting of the Bank, Mr. Tian Bo and Mr. Xia Yang continued to serve as non-executive directors of the Bank from June 2022, and Mr. Graeme Wheeler and Mr. Michel Madelain continued to serve as independent non-executive directors of the Bank from June 2022.

Due to change of job, Mr. Wang Jiang ceased to serve as vice chairman and executive director of the Bank from March 2022.

Supervisors of the Bank

Upon election at the 2021 annual general meeting of the Bank and election of the board of supervisors of the Bank, Mr. Wang Yongqing continued to serve as chairman of the board of supervisors, shareholder representative supervisor of the Bank from June 2022. Upon election at the 2021 annual general meeting of the Bank, Mr. Zhao Xijun continued to serve as external supervisor of the Bank from June 2022.

Senior management of the Bank

Upon appointment of the Board of the Bank and approval of the CBIRC, Mr. Zhang Jinliang commenced his position as president of the Bank from May 2022.

Due to change of job, Mr. Wang Hao ceased to serve as executive vice president of the Bank from July 2022. Due to change of job, Mr. Wang Jiang ceased to serve as president of the Bank from March 2022.

Changes in personal information of directors, supervisors and senior management

Mr. Tian Guoli, chairman and executive director of the Bank, served concurrently as chairman of Payment & Clearing Association of China from April 2022.

Mr. Zhang Jinliang, vice chairman, executive director and president of the Bank, ceased to serve as director and general manager of China Post Group Corporation Limited, as well as chairman and non-executive director of Postal Savings Bank of China Co., Ltd. from April 2022.

Mr. William Coen, independent non-executive director of the Bank, served as independent non-executive director of Buna operated by Arab Regional Payment, Clearing and Settlement Organisation from July 2022, and a global senior advisor to KPMG from May 2022.

Mr. Leung Kam Chung, Antony, independent non-executive director of the Bank, ceased to serve as chief executive officer of Nan Fung Group from July 2021.

Mr. Ben Shenglin, external supervisor of the Bank, ceased to serve as independent non-executive director of China International Capital Corporation from June 2022, and ceased to serve as independent non-executive director of Wuchan Zhongda Group Co., Ltd. from May 2022.

4.2.3 Directors' and Supervisors' Securities Transactions

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

4.3 Employees

The following table sets forth, as at the date indicated, the geographical distribution of the Bank's branches and employees:

	As at 30 June 2022			
	Number of branches	% of total	Number of employees	% of total
Yangtze River Delta	**2,271**	**15.70**	**51,582**	**14.85**
Pearl River Delta	**1,854**	**12.82**	**44,388**	**12.78**
Bohai Rim	**2,396**	**16.57**	**57,006**	**16.41**
Central	**3,484**	**24.09**	**78,470**	**22.59**
Western	**2,985**	**20.64**	**66,782**	**19.23**
Northeastern	**1,434**	**9.92**	**33,728**	**9.71**
Head Office	**3**	**0.02**	**14,031**	**4.04**
Overseas	**34**	**0.24**	**1,332**	**0.39**
Total	**14,461**	**100.00**	**347,319**	**100.00**

At the end of June, the Bank had 347,319 employees. The number of employees with academic qualifications of bachelor's degree or above was 259,617 or 74.75% of the total. There were also 3,469 workers dispatched from labour leasing companies. In addition, the Bank assumed the expenses of 95,608 retired employees.

Progress of implementation of employee stock incentive plan

During the reporting period, the Bank did not implement any new round of stock incentive plan.

Staff development and training

The Bank proactively implemented its talent development strategy in the new era, optimised the allocation of posts and positions, promoted the reform of the evaluation and engagement rules for professional technical positions, guided and encouraged employees to improve their professional capabilities, and widened the channels for their continuous development. The Bank implemented major talent projects and professional talent programmes by focusing on FinTech, mega wealth management, risk compliance, digitalised operation, platform operation, green finance, rural revitalisation, treasury business and other key areas in the Bank's reform and development. The Bank also built a dedicated development platform to identify, cultivate and select young talents.

The Bank improved trainings for the staff's professional career to support the development of New Finance talents. It cultivated "Your Future with CCB", a learning brand for new employees, and strengthened one-stop training and mentorship for them. The Bank channelled more training resources to branch outlets, and optimised the ability enhancement learning programmes including "Be Better with You" for client managers at outlets, and "Together with the Best" for heads of outlets. The Bank attached importance to staff development in various professional technical positions, helped employees strengthen professional capabilities, broaden their career development channels, and make the professional technical examinations a major driver for building a learning organisation. In the first half of 2022, the Bank held various training programmes with 154.3 thousand enrolments. "CCB Learning" platform provided online training to 351.7 thousand employees. It organised 3,839 webinars with 3,184 thousand attendances, and 3,395 online examinations with 1,893.8 thousand participants. In terms of international training, it held 20 cross-border webinars. The first session of Data Analyst Certification training programme organised by the Bank and HKU Business School became the first Chinese enterprise case to win the 2022 special mention for Excellence in Practice (EiP) of the European Foundation for Management Development (EFMD).

Staff in subsidiaries

At the end of June, the subsidiaries of the Bank had 23,974 employees. The domestic and overseas employees were 19,135 and 4,839 respectively. There were also 1,331 workers dispatched from labour leasing companies. In addition, the subsidiaries assumed the expenses of 116 retired employees.

4.4 Formulation and Implementation of Profit Distribution Policy

According to the resolutions of the 2021 annual general meeting, the Bank distributed the 2021 cash dividend of RMB0.364 per share (including tax), totalling RMB91,004 million approximately, to all shareholders whose names appeared on the register of members after the close of market on 7 July 2022. The Bank does not declare 2022 interim dividend, nor does it propose any capitalisation of capital reserve into share capital.

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

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

5 Environmental and Social Responsibility (Environmental, Social and Governance)

5.1 Governance

Board of Directors

The board of directors of the Bank continues to promote the implementation of the "carbon peaking and carbon neutrality" national strategy, proactively integrates into socio-economic green and low-carbon transformation, and consolidates environmental, social and governance (ESG) elements into strategic decision-making. In the first half of 2022, the board of directors reviewed and approved the *Strategic Plan for Green Finance Development (2022-2025),* which proposes the overall strategic goal of "becoming a world-leading sustainable development bank" and 15 key tasks, to ensure the effectiveness of the green finance strategy. The board of directors reviewed and approved the proposal to amend the *Articles of Association*, clarifying the responsibilities of the board of directors and relevant special committees on ESG issues. The board of directors also reviewed and approved the *Corporate Social Responsibility Report 2021*, oversaw ESG information disclosure, and raised working suggestions and requirements.

The Related Party Transaction, Social Responsibility and Consumer Protection Committee under the board continues to promote the implementation of ESG work. The Committee invited experts to hold a special communication session on key areas of ESG rating as well as the emerging global climate risk trends and practices. The Committee listened to reports on the Bank's progress of green finance promotion, following closely the quality of green finance assets, product innovation, talent team and sustainability disclosure. The Committee continuously promoted consumer protection, regularly reviewed work reports including complaints and customer satisfaction, guided the implementation of related work, and supervised the implementation of financial consumer rights protection consulting projects, laying foundation for a comprehensive and systematic overall design plan for consumer protection management in the period from 2022 to 2025. The Committee regularly listened to the progress of strategies including house leasing, inclusive finance and rural revitalisation finance, tracking the progress of the Bank's innovative financial service model in delivering social value, promoting brand reputation, and bringing about spill-overs to the main financial business. According to the requirements of the *Administrative Measures for Related Transactions of Banking and Insurance Institutions* issued by the CBIRC, the Committee revised its working rules and supervised the Management to continuously improve related party transaction management.

The Risk Management Committee under the board actively supervised the implementation of the ESG-related risk reporting mechanism, and listened to the *Report on Environmental and Climate-related Risk Analysis* and the *Report on Risk Quantification of ESG-related Factors in 2021*. The Committee highlighted the importance of preventing green transformation risks and the criticality to incorporate green financial business into risk appetite analysis, consolidated data foundation, strengthened the building of professional institutions and talents, and continuously improved the digital management capabilities of green finance. Also, the Committee stressed on utilising risk stress testing results in adjusting existing industry credit policy, promoting the construction of the ESG rating system for corporate clients, exploring and optimising the application of ESG elements in credit rating to effectively assess and manage ESG-related risks.

Board of Supervisors

The board of supervisors pays close attention to the implementation and advancement of the ESG system and listed it as one of the supervisory priorities in 2022. In the first half of 2022, the board of supervisors reviewed and approved the *Corporate Social Responsibility Report 2021*, listened to the report on the progress of ESG work, and put forward supervision suggestions in terms of strengthening top-level design, enhancing working-level management and empowering capacity building. To better meet ESG-related management requirements, the board of supervisors underlined the importance of systematic research on economic restructuring, green and low-carbon technologies, energy conservation and environmental protection, information disclosure standards and other aspects, to foster professional talent training and team building, to continuously improve innovation capabilities of product and services, to actively explore the establishment of carbon footprint management systems, and to enhance capabilities of data research, analysis and application. The Performance and Due Diligence Supervision Committee of the board of supervisors listened to the report on the main business model and progress of rural revitalisation, the implementation of inclusive finance strategy and the operation of the "CCB Huidongni" platform. The Finance and Internal Control Supervision Committee of the board of supervisors continued to monitor the implementation of climate risk stress testing and the application of relevant results.

Management

The Management of the Bank continues to promote ESG-related work planning and target formulation and guides the head office departments, domestic and overseas branches and subsidiaries to implement specific work.

In the first half of 2022, to study and deploy key tasks related to "carbon peaking and carbon neutrality" and green finance, the Bank's Leading Group for Carbon Peaking and Carbon Neutrality and the Green Finance Committee convened a joint meeting and set goals and tasks of tapping the potential of green development and steadily addressing environmental and climate challenges.

The Bank's ESG Promotion Committee actively implements the requirements of the board of directors, the board of supervisors and the management, continues to strengthen the overall coordination of ESG work, enriches and improves the ESG information disclosure system, and promotes the establishment of a routine communication mechanism among committee members and departments. It also actively participates in the discussion and building of domestic and international rating and disclosure standards.

Progress in Related Matters

The Bank has resolutely implemented national standards such as the *Regulations on Letters and Visits* and formulated rules and regulations such as the *Provisions on the Administration of Letters and Visits*, *Operational Procedures for Handling Visits* and *Operational Procedures for Handling Letters*. The Bank requires institutions and departments at all levels to open channels for letters and visits, handle letters and visits seriously, strive to improve the quality and efficiency of response and accept supervision of the public. To effectively protect the legitimate rights and interests of petitioners and whistleblowers, retaliation against the petitioner and leakage of whistleblowing materials to the impeached person or department are both strictly forbidden.

The Bank complies with regulatory requirements and continuously refines the employee behaviour management system. Relying on pillars of "offline grid-based management and online intelligent management", the Bank strengthens employee behaviour management in aspects such as pre-event regulation, event monitoring and post-event handling. The Bank effectively identifies misconducts such as dereliction of duty, dereliction of integrity, and illegal operations, and takes timely management measures for non-compliant employees, such as job alteration and violation punishment. The Bank continues to deepen the offline grid-based management mechanism, establishing 39 thousand grids and covering 326 thousand employees. Grid administrators and grid members at all levels effectively carry out daily management, abnormal behaviour investigation and suspicious behaviour checking. With big data, FinTech and other technical methods, the Bank strengthens online intelligent management, successively develops models that can detect suspiciously improper financial transactions with credit clients and suspected embezzlement of client funds by employees. The Bank carries out real-time and dynamic monitoring, identifies violations as soon as possible, and resolves case risks and potential dangers of any case in a timely manner. In recent years, the Bank has organised annual operational risk audits of employee behaviours and dynamically monitored the risks of critical employee violations as well as the effectiveness of employee behaviour management.

The Bank's institutions at all levels regularly carry out comprehensive cautionary education and ethics trainings which comprehensively and directly cover the entire bank to the grass-roots level. Trainings take the formats of conferences, videos, and online tests and cover all grass-roots institutions and frontline staff. The trainings aim to guide employees to establish the awareness of compliance, especially for those in key positions. For managers in charge of employee behaviours, the Bank organises related trainings on policy interpretation, daily duty performance and big data application, incorporating curriculum learning, project practice and experience exchange.

The Bank regularly provides regular training on ESG strategy, management and disclosure, covering the protection of consumers' rights and interests, inclusive finance, green finance, anti-corruption, human resources, rural revitalisation, complaint handling, risk management, data security, low-carbon operation and other fields to enhance ESG conception, awareness and skills of all employees of the Bank. In the first half of 2022, the Bank organised 1,270 ESG-related training sessions, attendance reached 913.5 thousand in the Bank. Among the sessions, 878 were online self-study trainings via the Bank's "CCB Learning" portal, featuring 892.1 thousand attendance, while 392 sessions were held offline, hosting 21.4 thousand attendance.

5.2 Environment and Climate

Green Finance

Green credit

The Bank continues to promote the development of green credit business. At the end of June, the Bank's green loan balance was RMB2.41 trillion, an increase of RMB450,189 million, or 22.93% over the end of last year. The Bank actively used the PBC's monetary policy tools to precisely channel low-cost funds to clean energy, energy conservation and environmental protection, carbon emission reduction technologies and other fields. By the end of June, the Bank had accumulatively issued RMB56,223 million special carbon emission reduction loans, and specialised re-lending for clean and efficient utilisation of coal amounting to RMB4.047 billion[1] respectively, effectively supporting the development of clean energy, energy conservation and environmental protection, carbon emission reduction technologies, clean coal utilisation and other fields. The Bank continues to optimise the green credit whitelist mechanism and increase support for green companies and projects. It had issued a total of RMB357.9 billion[2] green loans to whitelisted clients. The Bank also increases support for large-scale wind power photovoltaic base construction projects, with new loan issued amounting to RMB3,256 million in 2022.

1 Adjusted based on the self-examination result under the PBC's relevant requirements.

2 Calculated under the PBC's requirements for green loan.

Green bond

In terms of issuance, in the first half of 2022, the Bank successfully issued RMB10 billion green financial bonds in the national interbank bond market, and all funds raised were used for green industry projects stipulated in the *Green Bond Endorsed Projects Catalogue (2021 Edition)*, innovatively setting up clauses linked to sustainability to drive the development of linked green credit business. The Bank issued dual-currency Belt and Road themed green bonds overseas, raising a total of US$1.67 billion. The Bank selected clean energy, green buildings and other related projects in countries along the Belt and Road and key domestic provinces as the underlying assets of the green bonds, which are in line with the relevant standards of the International Capital Market Association (ICMA)'s *Green Bond Principles*, as certified by third parties such as Ernst & Young and the Hong Kong Quality Assurance Agency.

In terms of underwriting, in the first half of 2022, the Bank underwrote a total of 23 green debt financing instruments, with a total issuance scale of RMB25,771 million and an underwriting amount of RMB16,311 million, an increase of 53.33%, 135.35% and 185.66% respectively over the same period last year. The Bank led the underwriting of the first batch of domestic transformation bonds, with a bond issuance scale of RMB410 million and a term of 3+N years, further expanding medium and long-term market-oriented financing channels for low-carbon transformation and upgrading projects. The Bank jointly held an online forum on "China-Europe Green ESG Bond Market Interconnection" with CCB Europe, invited experts from the Green Finance Committee to share cutting-edge views, and introduced the Bank's diversified service system for the green capital market to domestic and overseas green investment and financing institutions.

In terms of investments and transactions, in the first half of 2022, the Bank accumulatively initiated more than 150 green bond investments and transactions and added more than US$200 million green bond investments to the foreign currency bond portfolio. Compared with the end of last year, the stock balance of green bonds in RMB bond portfolio increased by more than 60%, leveraging more than RMB150 billion green direct financing.

Other green finance businesses

The Bank cooperated with CCB Investment to set up the Baowu Green Carbon Private Equity Investment Fund with a scale of RMB5,625 million, invested by the National Green Development Fund and Baowu Steel Group. The Bank created and implemented nine "Green Finance" direct financing vehicles with a scale of RMB2.61 billion.

CCB Principal Asset Management continues to improve the ESG evaluation system of listed companies and incorporates ESG elements into the stock library screening process. At the end of June, CCB Principal Asset Management's green financial investment scale reached RMB29.811 billion, covering clean energy industry, energy conservation and environmental protection industry, clean production industry, infrastructure green upgrading, ecological environment industry and green services. CCB Financial Leasing actively cultivates new advantages in green leasing such as clean energy and green manufacturing, while maintaining steady development in fields of green rail transportation, green vehicles and environmental governance. CCB Consulting continues to develop green consulting business, strives to create a consulting service model that features "green finance + green consulting", and supports the construction of green and low-carbon projects such as urban renewal and green buildings. It coordinates with the Bank on the pilot of green credit identification, provides green financial consulting services and comprehensive financial service solutions to meet clients' green development demands and promotes corporate innovative transformation and green operation of enterprises.

Response to Climate Change

In the first half of 2022, the Bank actively carried out research and practices on climate transition risk stress testing and continued to expand the breadth and depth of stress testing. The Bank is currently exploring the risk transmission path of climate transition in high-carbon industries such as building materials, petrochemicals, chemicals, papermaking, and non-ferrous metal smelting, and is organising stress testing in eight high-carbon industries (thermal power, steel, building materials, petrochemicals, chemicals, papermaking, civil aviation and non-ferrous metal smelting). The Bank encourages the Head Office and branches to strengthen climate risk research and control. Jointly holding the "2022 Proactive Risk Management of Climate Change" lecture and results conference on achievements in the early of the year with CCB Training Centre, the Bank published special editions of environment and climate risk research, covering greenhouse gas accounting, carbon finance, quantitative analysis of climate risks, benchmarking analysis of ESG ratings and credit ratings.

Financing Environmental Impact

The Bank attaches great importance to integrating environmental, social and governance elements into investment and financing activities such as the credit and bond underwriting business.

In terms of financing activities, for clients subject to environmental and social risk classification, the Bank requires them to include the *Environmental and Social Risk Classification Affirmation Form* into application materials. The results of the client's environmental and social risk classification are also to be explained in the application materials.

The Bank continues to promote the establishment of the ESG evaluation system for corporate clients and has preliminarily completed the construction of ESG rating models for petrochemical and power industries, improving the risk assessment capabilities of ESG-related elements. The Bank has reviewed the eligibility criteria for green bond underwriting account as well as the review of underwriting account whitelist and has clarified green bond investment criteria in the 2022 risk limit.

In terms of investment activities, the Bank focuses on issuers' equity structure and corporate governance, continues to monitor adverse public opinions such as regulatory penalties for issuers in the portfolio, and regularly tracks changes in their external ESG evaluation. The Bank continues to conduct in-depth researches for theoretical and empirical support of bond issuers' ESG performance and impact, contributing to the improvement and convergence of the bond market's ESG and sustainability standards. In addition, the Bank establishes a relatively complete analysis, forensics and response process for projects with escalated ESG risk. For fixed asset loans projects, the Bank carries out project engineering analysis, applying analogy analysis, material balance analysis, data reuse and other methods to conduct phased analysis according to the characteristics of each project. After the analysis, the Bank conducts current situation investigation and risk factor collection of related matters leading to ESG risk escalation. Projects with significant external environmental impacts require special evaluation of risk factors. After the investigation, The Bank formulates response plans for relevant matters of the construction project and analyses the feasibility and economic rationality of the project affected by such matters.

The Bank has preliminarily established a responsible investment system for RMB credit bond portfolio, which incorporates ESG into annual business strategy and continuous to optimise business philosophy. The Bank strictly implements annual business strategy, adheres to internal and external policy requirements, and concentrates resources on key areas and high-quality issuers that contribute to green and sustainable development of the real economy, actively serving the national strategy.

According to relevant requirements of administrative measures for the due diligence of the bond lead underwriter, the Bank conducts due diligence on ESG-related risks of enterprises throughout the entire bond underwriting process. The due diligence covers corporate governance and internal control of enterprises such as corporate governance structure, organisational setup and operation, major investment and financing decisions, guarantee status and information disclosure system.

Green Operation

The Bank continues to enhance energy conservation management and optimise the green operation system. The Bank has improved the low-carbon energy-saving system, formulated carbon emission statistics and accounting standards, and completed the bank-wide carbon dioxide emission scrutiny. The Bank has formulated mechanisms such as environmental data classification statistics, policies of regular monitoring to diagnosis and maintenance of equipment. The Bank regularly collects energy consumption data, analyses energy consumption indicators, continues to strengthen equipment maintenance to tap energy saving potential, formulates technical transformation plans, and has effectively reduced energy waste. The Bank practically carries out green office measures, strengthens daily management of business vehicles and strictly implements the garbage classification system. Through the blockchain management of electronic official documents, the Bank actualises whole-life-cycle management of electronic official documents.

In terms of technical energy conservation, the Bank effectively contributes to energy conservation and emission reduction through transformations and updates to environmental protection technologies. To improve energy efficiency, the Bank adopts "green design" to build or renovate office spaces, selects environmental-friendly building materials and energy-saving and water-saving appliances, continuously adjusts and optimises lighting management and accelerates system equipment upgrades. The Bank strengthens the concept of technological management of carbon. It has developed a carbon emission management platform on which the Bank has launched basic data statistics, carbon emission data calculation, multi-dimensional data aggregation, graphic display, emission factor management and other functions, in turn optimising the carbon emission data statistics process, realising bank-wide carbon emission data management, and improving the quality of carbon emissions data.

The Bank attaches importance to energy conservation and constantly enriches the forms of environmental protection promotion and education. The Bank organised the bank-wide 2022 Energy Conservation Week and Low-Carbon Day, launched the green and low-carbon lifestyle campaigns for employees, and encouraged employees to sign a low-carbon commitment, advocating green lifestyle and low-carbon travel. The Bank provides professional training for staff, popularises energy saving and emission reduction and green finance knowledge, and lifts employees' awareness of low carbon and environmental protection. Relying on various dissemination platforms, the Bank launched informative sessions of "carbon peaking and carbon neutrality", energy conservation and carbon reduction and green office travel, organises voluntary tree planting activities, and strengthens the greening of office areas to integrate green concepts into employees' life.

The Bank practises whole-process green procurement, gives priority to suppliers with energy conservation and environmental protection attributes or green qualifications, incorporates green and environmental protection certification and energy efficiency indicators into evaluation indicators, examines suppliers' energy management and product energy consumption levels, and encourages suppliers to provide more energy efficient products. The Bank actively extends the service chain, steadily builds a recycling mechanism for waste and used products, reasonably gives additional points to service plans that include green recycling and disposal concepts, and designs multi-dimensional green environmental protection evaluation indicators. According to the government procurement list of environmental protection and energy-saving products, taking into account the practical needs of green procurement, the Bank has formulated the *Green Procurement Commodity Catalog* to extend the coverage of green procurement.

The Bank continues to promote the construction of green outlets and green office environment. The *Administrative Measures for Setting up Outlets* was revised to clarify the requirements for site selection, design, construction and operation of green outlets. The Bank promotes the implementation of paperless and electronic transactions at outlets. Relying on electronic signatures and electronic seals, the Bank continuously enriches business scenarios for paperless processing.

5.3 Social Development

Consolidating and Expanding the Positive Results in Poverty Elimination through Targeted Poverty Alleviation

The Bank strictly adheres to the requirement for maintaining the responsibilities, policies, assistance and supervision for poverty alleviation[3]. It established the CCB Leading Group for Rural Revitalisation, promoting New Finance initiatives in depth, setting up green development concept, activating the momentum of sustainable development in rural areas, and helping align efforts to consolidate and expand the achievements of poverty alleviation with the efforts to promote rural revitalisation.

Strengthening credit support for key areas of rural revitalisation. The Bank issued the *Notice on Financial Assistance in 2022 Key Counties for National Rural Revitalisation and Other Areas Lifted out of Poverty*, strengthening financial assistance and credit support in such areas by rural industrialisation, rural construction, and formulation of service channels.

Improving the rural revitalisation industry support plan. The Bank formulated the *Action Plan to Support the Revitalisation of the Seed Industry*, escalating the support for high-quality enterprises and driving the development of upstream and downstream chain enterprises in the seed industry. The Bank issued the *Action Plan to Support the High-Quality Development of Agricultural Mechanisation*, in efforts to continue to expand credit resource inputs, support the high-quality development of the agricultural machinery and equipment industry, steadily improve the independent and controllable capabilities of the industrial chain and supply chain, and strengthen financial services of the agricultural machinery industry chain.

Supporting the integrated development of rural industries. The Bank helps poverty alleviation areas to build an agricultural development model applicable to the entire industry chain, using products such as supply chain finance while targeting at the development of small and micro enterprises and farmers in the chain. Besides, the Bank strengthens cooperation with large clients such as state-owned enterprises in driving the rural industrial chain, with the integration of the advantages of state-owned enterprises' industrial resources and local characteristic resources, jointly boosting the growth of rural advantageous industries. The Bank also strengthens the service efficacy of rural collective economic organisations, innovates the "Collective Funds, Assets and Resource" series of financing products to develop and expand the new rural collective economy and to contribute to rural governance. The Bank also uses the "Jianrongzhihe", a smart comprehensive services platform for enterprise matchmaking, to release investment promotion information and guide clients to use online channels for matching.

3 It refers to taking off the hat and not taking off responsibility, taking off the hat and not taking off the policy, taking off the hat and not taking off the help, taking off the hat and not taking off the supervision.

Supporting the development of leading enterprises in agriculture and related industries. The Bank establishes a whitelist system for agriculture and related industries and releases support policies for external price authorisation, internal transfer price concessions, economic capital discounts and differentiated approval authorisation, so as to help the high-quality development of leading enterprises, continuously strengthening their role of linking and leading the agricultural growth, while promoting the development of upstream and downstream chain industries. The Bank fully supports rural infrastructure construction. In terms of key areas such as rural infrastructure construction and living environment transformation, the Bank leverages appropriate financial products and financing models, focuses on sewage treatment, garbage disposal and other key areas, such as living environment improvement, water supply guarantee, clean energy, power grid upgrade, distribution network facilities, to increase credit support and actively provide medium and long-term loans.

Increasing public welfare assistance and support. In accordance with the planning of "higher weight in donation policies, more donation fund support, larger public welfare project coverage, and extension of public welfare activities", the focus of public welfare assistance work is tilted towards Ankang, Shaanxi Province, which has a heavy task of consolidating poverty alleviation and rural revitalisation, along with certain branches in central and western China.

Achievements of Assistance

As of the end of June, the balance of various loans provided to areas lifted out of poverty of the Bank was RMB812.12 billion and a growth rate of 8.84%. The balance of various loans provided to key counties for national rural revitalisation was RMB99,007 million, achieving an increase of RMB8,081 million and a growth rate of 8.89% over the end of last year.

Relying on its e-commerce platform *e.ccb.com*, the Bank actively assists and revitalises agriculture in key areas. In the first half of 2022, through *e.ccb.com*, the Bank helped to sell RMB569 million of agricultural products in areas lifted out of poverty, providing effective support for preventing areas lifted out of poverty from returning to impoverishment. At the same time, the Bank continued to actively implement the rural revitalisation strategy through this platform and ensured to assist the key counties of national rural revitalisation.

Relying on "Shanfutong" to serve core and leading enterprises, the Bank vigorously developed the agricultural industry chain. In the first half of 2022, the "Shanfutong" agricultural industry chain focused on grain, oil and food, livestock breeding, agricultural materials and machinery, community group purchases and land trusteeship, serving 282 clients along the industry chain, and achieving a transaction volume of RMB5.45 billion and a year-on-year growth of 176.92%.

Enriching financial poverty alleviation products and service models, and improving the "Yunongtong" comprehensive service platform for rural revitalization. As of the end of June, "Yunongtong" inclusive financial service sites total led 0.49 million, covering nearly 80% of towns and administrative villages in the country. The number of registered users of "Yunongtong" APP was 3.17 million, with a total of RMB11,826 million loans granted.

Access to Financial Services

The Bank continues to implement the requirements of financial relief policy, and provides policies such as deferral of loan principal repayment, grace period, adjustment of interest settlement frequency and credit protection for small and micro enterprises. The implementation of differentiated internal and external price policies will further reduce the number of charging items, achieving fee reduction and surrendering profits to small and micro enterprises. The Bank further diversified the system of inclusive financial products and continues to promote the quality, size and scope of inclusive financial services. In conjunction with government departments and external institutions, the Bank carried out a special campaign with the theme of "Benefiting the Market, Benefiting the Enterprises", publicising a series of inclusive financial products in various online and offline media, with the aim of increasing the financial support for small and micro enterprises, individual business and other groups. The Bank strengthens the construction of online and offline channels and continuously improves service coverage. Furthermore, the Bank iteratively optimises the functions of the "CCB Huidongni" platform, and provides comprehensive services for small and micro enterprises.

The Bank continues to optimise the layout of self-service equipment and terminal channels, and increases the deployment of self-service equipment in outlets with large traffic and county-level outlets to improve client service capabilities and service scope. The Bank actively explores new financial service channels and launches mobile financial service vehicles in more than 10 provinces (and autonomous regions), including Inner Mongolia, Qinghai and Tibet, to provide basic services in specific business scenarios for underbanked clients.

By creating the "CCB Lifestyle" online digital client management platform, the Bank provides a wealth of rights and interests activities and high-frequency life service scenarios to effectively activate long-tail clients and zero-asset clients. The Bank improves the inclusiveness of financial services, takes advantage of the convenience provided by the internet and big data, reduces the cost of traditional bank financial services and provides financial services with small amounts and high frequency. The Bank also accumulates and supplements data of consumer behaviour and preferences to help conduct more comprehensive credit risk analysis, effective cost management and robust safety protection, so that the inclusive finance can extensively serve the whole society.

Optimising the operation process of mobile banking to increase the accessibility of financial services. With upgraded mobile banking registration and login process, users can quickly register and activate mobile banking through mobile phone numbers and other methods. By binding the bank cards of other banks, users can handle financial and basic government affairs in the Bank's mobile banking APP. The Bank continuously optimises the interactive processes of investment and wealth management services such as wealth management, funds, insurance, cross-border finance and physical gold exchange and streamlines the operation steps through guiding information prompts, presenting clients with more comfortable, more convenient and smoother financial service experience.

Providing convenient government affairs services. In order to enhance the accessibility of mobile banking services, the Bank actively connects with and incorporates the national, provincial and municipal affairs services and builds a mobile banking government affairs service centre. The homepage and life channel of the mobile banking app demonstrates convenient government affairs services such as local provident funds, pensions, social security, medical insurance, traffic fines and tax payment. Users can handle financial and convenient government affairs services all in one-stop through the mobile banking.

Protection of Consumer's Rights and Interests

The Bank formulated the *Audit Management Measures for the Protection of Consumer Rights and Interests*, specifies that the Audit Department is responsible to supervise the performance of the Bank's complaints management and other consumer protection work. The Bank continues to improve normalised and standardised internal audit supervision and evaluation mechanism. The Bank conducts consumer protection audits every year and submits audit reports to the Related Party Transaction, Social Responsibility and Consumer Protection Committee of the board of directors.

The Bank sticks to the "customer-centric" concept, designates the Consumer Rights Protection Department to take the lead in complaints management and other consumer rights protection work, continuing to improve the quality and efficiency of complaints handling and refined management. The Bank ensures information free flow via the complaint response channels, publishes complaint response telephone numbers through business outlets, online banking and other channels, and continues to expand complaint response channels by setting up complaint supervision hotlines at the Head Office. The Bank pays attention to the prudent handling of customer complaints, makes sure to handle relevant work orders within the time limit specified by the supervision, and takes appropriate measures to strengthen the supervision and management of the quality and efficiency of complaint handling. The Bank, diving deep into the statistical analysis of customer complaints, continues to monitor changes in the number of customer complaints, conducts research on key links by type and scenario, and implements precise policies to promote the optimisation and improvement of products and services. The Bank flexibly uses diversified solution mechanisms to solve customer complaints and strengthens coordination with customers' local regulatory agencies, judiciary authorities, third-party mediation agencies and other organisations. The Bank further improves the functions of the enterprise-level consumer protection management system, and actively promotes the iterative optimisation of the complaint management module based on the needs of data analysis, traceability and rectification, and intelligent applications in consumer protection management. The Bank continuously improves consumer protection review management, takes consumer protection review as a key measure in the management and control of the entire consumer protection process, and pushes forward risk control protocols within the service process. The Bank conscientiously carries out consumer protection inspections, improves the coverage of consumer protection inspections, enhances the quality and efficiency of inspections, and practically and proactively safeguards the legitimate rights and interests of consumers. The Bank integrates and reconstructs the online process of consumer protection review of the whole Bank, develops and launches online consumer protection review system, realises the full coverage of system functions in all branches of the Bank, and provides a basic platform for the comprehensive management and control of consumer protection review in the whole bank.

In personal loan contracts, the Bank clearly concurs with consumers that consumers can actively apply to change repayment methods and repayment period of the loan as well as apply for early repayment and other services according to their income adjustment. The Bank supports online channels such as mobile banking, WeChat mini-programme "CCB Smart Personal Loan", and online banking to handle early principal repayment, realising the digitalisation of the entire early principal repayment process of personal loan business and providing consumers with more convenient services.

The Bank attaches great importance to the *Guidelines for Credit Card Collection of China Banking Association (Trial)* and updates the *Regulations on the Administration of Outsourcing Collection of Credit Cards* in a timely manner to further regulate collection behaviour at the legal level and to protect the legitimate rights and interests of consumers. At the same time, special trainings, with frequency of no less than once a year, are provided to all employees engaged in bad debt collection business. The training content includes relevant basic policies, business operation procedures, latest management requirements, advanced pilot experience sharing and classic case sharing.

Consumer Protection Publicity, Education and Training

The Bank promotes a series of cultural publicity activities with the theme of "Heat-warming Consumer Protection" throughout the year. The Bank implemented regulatory arrangements, organised and carried out regular financial knowledge popularisation activities such as "March 15 Consumer Protection Awareness Week" "Protecting Your Pockets with Financial Knowledge" and won the title of "Excellent Organisation" of the "March 15" event. The Bank innovatively carries out digital publicity and education activities, creates digital consumer protection publicity and education spaces, uses the "smart VR+AI+3D" technology to build "Colourful Consumer Protection 3D Digital Education Publicity Exhibition Hall", and actively explores the "smart government + digital publicity and education" model. The Bank carries out the specialized promotion and education activities for general customers and key customer groups such as "the aged, and young, the disabled, ethnic minorities and new citizens" to extend the depth of financial knowledge propaganda and education.

The Bank issued the consumer protection education and publicity work plan of 2022, incorporating consumer protection into the training requirements of various business lines. The Bank held bank-wide consumer rights protection training classes to interpret the latest regulatory policies and key tasks. The Bank also created a consumer protection course system widely favoured by employees. It produced and broadcasted the "Consumer Protection Classroom" course facing for all employees of the Bank, with the attendance amounted to more than 400 thousand in the first half of 2022.

Advertising and Marketing Policy

The Bank strictly follows the requirements of laws and regulations such as the *Advertising Law of the People's Republic of China*, formulating and issuing the *Measures for Advertising Management* and the *Specification Guidelines for Advertising and Marketing Materials* to ensure the implementation of fair advertising policies. The Bank attaches great importance to the professional training of advertising and publicity practitioners and adopts various forms such as online training, on-site teaching and institutional communication. The bank regularly holds training sessions of various types and scopes and hosts lectures and advertising learning and sharing every year, covering all advertising and publicity employees of the Bank and effectively improving the professional quality of advertising-related personnel throughout the Bank.

Cybersecurity and Privacy Protection

The Bank has established the "four lines of defense" in-depth technological defense protection system to form a network security line of defense covering the entire Bank. The Bank has strengthened application and data protection that effectively deals with the risk of external infiltration and theft of client information through unified identity authentication, authorisation, data encryption, security monitoring and other security technical measures. The Bank has also built a normal, practical and systematic security operation system and a professional security operation team, organised regular network attack and defence drillings or competitions, and the corresponding professional trainings, conducted regular network penetration tests, proactively identified system defects, and improved the network security practical capabilities of security teams.

The Bank took multiple measures to prevent internal data leakage. In terms of strengthening data environmental protection, the Bank developed a dedicated data analysis desktop to process and analyse business data in a secure environment and established a development and testing desktop to prevent the leakage of important technical documents such as development documents and source codes. In the use of internal data, the Bank paid attention to the balance between data usability and security, and adopted the "cloud storage, centralised management and control" model to protect data in a safe and controllable production environment and strengthened the prevention and control of data leakage at user terminals and network boundaries. The Bank established client information technical monitoring models such as media-free inquiries, remote inquiries and transaction interruption inquiries to assume a high-intensity control over client's information security.

The Bank strengthened monitoring and analysis to reduce the impact of external data leakage on the Bank. The Bank actively monitored and dealt with internet information leakage to avoid loss of client funds. The Bank monitored violent password guessing attacks from internet channels to prevent criminals from using social engineering and data correlation analysis and gradually purified sensitive bank-related information in data leaked through non-banking channels, causing threats to client funds. The Bank actively monitored and shut down phishing websites that imitate our website, and to provide financial protection and risk alerts to them.

The Bank's data security policies cover all business lines and domestic institutions, and overseas branches and overseas subsidiaries execute by reference, subject to compliance with the laws and regulations of the country (region) where they are located and their industry regulatory requirements. In the first half of 2022, the Bank formulated the *Work Plan for Implementing Data Security Management* to build the data security management system framework of the Group from the dimension of "data security management", "data security protection" and "data security operation and maintenance" and clarified the data security work responsibilities and implementation plans of each line of service. The Bank formulated, revised and re-examined special rules and regulations including the *Management Measures for Data Security* and started a comprehensive self-assessment of data security. The Bank also implemented data security grading work and promoted the security grading of full domain of data assets through automated marking tools. The Bank completed the optimisation and transformation of the privacy authorisation management component to realise authorisation management and security compliance of full domain of data. The Bank implemented client compliance requirements, and reviewed and revised various product service agreements, privacy policies, cooperation agreements, etc.

The Bank continues to strengthen the construction of safety compliance culture, enrich training courses, enhance data safety training and education covering all employees of the Group to enhance the safety awareness. The Bank issued *Interpretation of Domestic Network and Information Security Standards – Data Security and Personal Information Protection*, released it to the learning platform, and organised financial technology staff of the whole Bank to carry our training and learning, continuously improving the ability of scientific and technological personnel to perform their duties. The Bank held the 4th "FinTech Cup" cyber security offensive and defensive skills labour competition to enhance the information security awareness and security practical skills of the employees.

Human Capital Development

The Bank attaches great importance to the improvement of employees' professional ability, continuously optimises the talent training system and enriches the growth channels of employees.

The Bank continues to promote the construction of the talent team of the whole Bank and has formulated the *Opinions on Strengthening and Improving Talents Work in the New Era*, and promoted the implementation of the *14th Five-Year Plan for Talents Development*, to provide talent support for the whole Bank and achieve high-quality development. The Bank has implemented major talent projects and special talent plans in the Bank's key reform and development areas, including FinTech, mega wealth management, risk compliance, digital operation, platform operation, green finance, rural revitalisation and treasury business. The Bank accelerates the selection and training of young cadres, and has implemented a corresponding salary plan and built a training system that runs through the whole career cycle of employees by clarifying training responsibility, improving training mechanism, broadening training channels and optimising training atmosphere. The Bank improves the professional and technical position qualification examinations, and has met the examination needs of all staff, realised full examination coverage of the business lines, offered examination resources and developed teaching materials, guiding employees to pursue advanced and lifelong learning in the professional field through "promoting learning through examination" and "promoting work through learning".

The Bank encourages and supports employees to obtain internal and external professional qualification and certification. The Bank formulated the *Administrative Measures for the Qualification and Certification of Wealth Management Managers*, completed the development of the qualification and certification courses for wealth management managers, and has been carrying out the associate financial planner certification on a regular basis for the whole Bank. The Bank has also launched the pilot of the new vocational certification training programme of Corporate Financial Consultant (CFC), formulating a fund practitioner ability improvement training camp, namely "Foundation and Career" learning programme to help account managers of the Bank to systematically establish a fund practitioner knowledge system and efficiently pass the fund practitioner exams. Through cutting-edge and international learning products such as Chartered Financial Analyst (CFA) resources on the Bank's international learning platform, and "Three-minute Business School Study Tips", employees now have online access to expand their international vision.

The Bank actively cooperates with colleges and universities to carry out talent training. The Bank jointly established the "Data Analyst" certification programme with University of Hong Kong, the master of FinTech programme with Hong Kong University of Science and Technology, and the FinTech elite class programme with Xi'an Jiaotong University. In addition, the Bank launched the joint training project of "Master of Rural Revitalisation Finance" with Zhongnan University of Economics and Law, cultivating talents who are skilled in agriculture, finance and management of rural revitalisation financial business. At the same time, the Bank continued to implement the "CCB-SCUT (South China University of Technology) FinTech Elite Class", "CCB-GDUFE (Guangdong University of Finance & Economics) Digital Finance Class" industry-education integration talent training projects, and "Intelligent Bank Management" professional master's programme with Nankai University, in order to cultivate FinTech professionals with information technology ability, economic and financial knowledge and digital operation capability.

Employee Rights Protection and Employee Care

The Bank continues to strengthen employee rights protection and employee care, regulating the recruitment management process, and steadily expanding the scale of recruitment based on business planning. The Bank protects employees' basic rights and benefits, pays attention to employees' health and safety, implements employee care initiatives, establishes the regular mechanism of "Do practical things for employees", increases the support for frontline workers, regularly organises employee mental health care lectures, and enhances the construction of "female employee care room", effectively guaranteeing the physical and mental health and life safety of employees.

While continuing to improve and consolidate democratic management, the Bank constantly strengthens the enterprise democratic management system with the employee representative meeting as the basic form. The Bank improves the mechanism for proposal collection and handling, the mechanism for employee representative visiting frontline offices, the employee representative inspection system and other employee opinion collection and appeal expression mechanisms, giving full play to the active role of employee representatives at all levels in the Bank, guiding and encouraging employees to deeply influence corporate decision-making, management and supervision through forms of democratic management including employee representatives' meeting. The Bank carries out various forms of employee opinion solicitation, such as opening a cloud mailbox for employees' opinions and developing a specialised column on the platform for collecting opinions and recommendations, to provide effective communication channels between the management and the grass-root level, improving the interactive feedback mechanism and comprehensively promoting employee satisfaction.

Paying attention to the voice of employees, the Bank has independently developed the Voice of Experience (VOX) user community. The community was specially created for the employees of all outlets with a series of functions such as active capture of hot issues, rapid research and analysis, knowledge and experience sharing. All outlet employees can voice their message and give feedback on problems and suggestions in the community with real identities or anonymously. At the same time, the Bank has improved the closed-loop problem management mechanism of "collection-sorting-solving-tracking-feedback", in order to promote the resolution of grass-root problems continuously, effectively enhancing outlet employee experience and client experience while improving governance in the whole Bank. Since its launch in June 2020, the Bank has collected more than 2,000 typical experience questions and suggestions through the VOX user community, and has used such suggestions for policy upgrade, business process optimisation and system function improvement, effectively improving the satisfaction of grass-roots employees.

Social Welfare

The Bank actively promotes public welfare and charity work and is committed to building a new public welfare ecosystem of "openness, sharing, and helping others". The Bank continues to promote long-term public welfare programmes such as Mother Health Express, CCB Hope Primary School (Hope Project · CCB Room 5), CCB Sponsorship Programme for High School Students, "Improve Our Home Together" Rural Revitalisation Public Welfare Project to build a solid brand image in the realm of public welfare. The Bank serves green development, and has innovatively implemented the Sanjiangyuan Ecological and Environmental Protection Public Welfare Projects. At the same time, the Bank hosted "Top 30 CCB Public Welfare Individual" selection and commendation and the "CCB Public Welfare& You--Tell Your Public Welfare Story" event to demonstrate that CCB employees are fully capable in undertaking social responsibilities and are dedicated to public welfare. Through public welfare actions, the Bank fosters the culture of "helping others" and acts to promote the public welfare innovation concept of leading and encouraging clients, employees, as well as branches and subsidiaries to engage in public welfare activities, and integrating public welfare into businesses.

6 Major Issues

Performance of Undertakings

In September 2004, Huijin made a commitment of "non-competition within the industry", i.e., as long as Huijin continues to hold any shares of the Bank, or is deemed as a controlling shareholder or a related party of a controlling shareholder of the Bank in accordance with related laws of the People's Republic of China or listing rules of the Bank's listing venues, Huijin would not engage in or participate in any competing commercial banking businesses, including but not limited to granting loans, taking deposits, providing settlement, fund custody, bank card and currency exchange services. However, Huijin may still engage in or participate in competing businesses through investing in other commercial banks. Accordingly, Huijin committed that it would: (1) fairly treat its investments in commercial banks, and would not abuse its shareholder position in the Bank or the information it obtained through its shareholder position in the Bank to make decisions detrimental to the Bank but beneficial to other commercial banks; and (2) exercise its shareholder's rights for the best interests of the Bank.

On 6 April 2016, in accordance with relevant rules of the CSRC, in order to ensure the effective fulfilment of the measures to make up for the immediate return diluted by the issuance of preference shares of the Bank, Huijin undertook not to intervene with the operation and management of the Bank and not to misappropriate the interests of the Bank.

As of 30 June 2022, Huijin had not breached any of the above undertakings.

Misappropriation of Funds for Non-operational Purpose

During the reporting period, there was no misappropriation of the Bank's fund by the controlling shareholder or other related parties for non-operational purpose.

Illegal Guarantees

During the reporting period, the Bank had not entered into any guarantee contract in violation of relevant regulations.

Material Litigations and Arbitrations

During the reporting period, the Bank was not subject to any material litigation or arbitration.

Purchase, Sale and Redemption of Shares

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

Penalties

During the reporting period, the Bank was not subject to any investigations in accordance with laws for any suspected crimes. Neither the controlling shareholder, actual controlling party, directors, supervisors nor the senior executives of the Bank were subject to coercive measures in accordance with laws for any suspected crimes or were detained by disciplinary inspection and supervision authorities for suspected serious violations of disciplines and laws or for duty-related crimes and were unable to fulfil duties due to such reasons. Neither the Bank, the controlling shareholder, actual controlling party, directors, supervisors nor the senior executives of the Bank were subject to criminal penalties, investigations or administrative penalties by the CSRC for suspected violations of laws and regulations, material administrative punishments by other relevant authorities, or administrative supervision measures by the CSRC or disciplinary actions by the stock exchanges. Neither the directors, supervisors nor the senior executives of the Bank were subject to coercive measures by other relevant authorities for suspected violations of laws and regulations and were unable to fulfil duties due to such reason.

Integrity

During the reporting period, the Bank and its controlling shareholder had no unperformed obligations rendered by valid legal documents of the courts, or significant outstanding matured debts.

Material Related Party Transactions

During the reporting period, the Bank had no material related party transactions.

Material Contracts and Their Performance

During the reporting period, the Bank did not enter into any material arrangement for custody, contracting or leasing of other companies' assets, or allow its assets to be subject to such arrangements by other companies.

The guarantee business is an off-balance sheet service in the ordinary course of the Bank's business. The Bank did not have any material guarantee that is required to be disclosed except for the financial guarantee services within its business scope as approved by the regulators. During the reporting period, the Bank did not enter into any other material contract that is required to be disclosed.

Other Shareholding or Share Participations

During the reporting period, the Bank had no other shareholding or share participation.

Major Events

For major events during the reporting period, please refer to announcements disclosed by the Bank on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Bank.

Review of Half-Year Report

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

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

Events after the Reporting Period

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

7 Changes in Share Capital and Particulars of Shareholders

7.1 Changes in Ordinary Shares

Unit: share

	1 January 2022		Change during the reporting period					30 June 2022	
	Number of shares	Percentage (%)	Issuance of additional shares	Bonus issue	Shares converted from capital reserve	Others	Sub-total	Numbers of shares	Percentage (%)
I. Shares subject to selling restrictions									
II. Shares not subject to selling restrictions									
1. RMB ordinary shares	9,593,657,606	3.84	–	–	–	–	–	9,593,657,606	3.84
2. Overseas listed foreign investment shares	95,223,114,769	38.09	–	–	–	+8,303,730	+8,303,730	95,231,418,499	38.09
3. Others[1]	145,194,205,111	58.07	–	–	–	-8,303,730	-8,303,730	145,185,901,381	58.07
III. Total number of shares	250,010,977,486	100.00	–	–	–	–	–	250,010,977,486	100.00

1. H-shares of the Bank free from selling restrictions held by the promoters of the Bank, i.e. Huijin, Baowu Steel Group, State Grid and Yangtze Power.

7.2 Number of Ordinary Shareholders and Particulars of Shareholding

At the end of the reporting period, the Bank had a total of 377,113 ordinary shareholders, of whom 39,556 were holders of H-shares and 337,557 were holders of A-shares.

Unit: share

Total number of ordinary shareholders	**377,113 (Total number of registered holders of A-shares and H-shares as at 30 June 2022)**

Particulars of shareholding of top ten ordinary shareholders

Name of ordinary shareholder	Nature of shareholder	Shareholding percentage (%)	Changes during the reporting period	Total number of shares held
Huijin	State	57.03	–	142,590,494,651 (H-shares)
		0.08	–	195,941,976 (A-shares)
HKSCC Nominees Limited [1]	Foreign legal person	37.54	+8,035,412	93,856,896,881 (H-shares)
China Securities Finance Corporation Limited	State-owned legal person	0.88	–	2,189,259,672 (A-shares)
State Grid [2]	State-owned legal person	0.64	–	1,611,413,730 (H-shares)
Reca Investment Limited	Foreign legal person	0.34	–	856,000,000 (H-shares)
Yangtze Power	State-owned legal person	0.26	-8,303,730	648,993,000 (H-shares)
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	0.20	-53,594,170	508,908,659 (A-shares)
Central Huijin Asset Management Ltd.	State-owned legal person	0.20	–	496,639,800 (A-shares)
Baowu Steel Group	State-owned legal person	0.13	–	335,000,000 (H-shares)
Taiping Life Insurance Co., Ltd.－Traditional － Ordinary insurance product－022L－ CT001SH	Others	0.07	–	168,783,482 (A-shares)

1. It includes H-shares of the Bank held by Temasek Holdings (Private) Limited. As at 30 June 2022, State Grid and Yangtze Power held 1,611,413,730 H-shares and 648,993,000 H-shares of the Bank respectively, all of which were held under the name of HKSCC Nominees Limited. Save the aforesaid H-shares of the Bank held by State Grid and Yangtze Power, 93,856,896,881 H-shares of the Bank were held under the name of HKSCC Nominees Limited.
2. As at 30 June 2022, the holding of H-shares of the Bank by State Grid through its subsidiaries was as follows: State Grid International Development Co., Ltd. held 296,131,000 shares, and State Grid International Development Limited held 1,315,282,730 shares.
3. Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Huijin. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Ltd. Apart from these, the Bank is not aware of any connected relation or concerted action among the aforesaid shareholders.
4. None of the shares held by the aforesaid shareholders were subject to selling restrictions. None of the aforesaid shares were pledged, labelled or frozen except that the status of the shares held under the name of HKSCC Nominees Limited was unknown.

7.3 Changes in Controlling Shareholder and Actual Controlling Party

During the reporting period, there was no change in controlling shareholder or actual controlling party.

7.4 Interests and Short Positions of Substantial Shareholders and Other Persons

As at 30 June 2022, the interests and short positions of substantial shareholders and other persons in the shares and underlying shares of the Bank as recorded in the register required to be kept under Section 336 of the *Securities and Futures Ordinance* (SFO) of Hong Kong were as follows:

Name	Type of shares	Number of shares	Nature of rights and interests	% of issued A-shares	% of issued H-shares	% of total ordinary shares issued
Huijin[1]	A-share	692,581,776	Long position	7.22	–	0.28
Huijin[2]	H-share	133,262,144,534	Long position	–	59.31	57.03

1. On 29 December 2015, Huijin declared interests on the website of Hong Kong Stock Exchange. It disclosed that it held the interests of 692,581,776 A-shares of the Bank, accounting for 7.22% of the A-shares issued (9,593,657,606 shares) and 0.28% of the ordinary shares issued (250,010,977,486 shares). In which, 195,941,976 A-shares were directly held by Huijin, and 496,639,800 A-shares were held by Central Huijin Asset Management Ltd., a wholly-owned subsidiary of Huijin. As at 30 June 2022, according to the A-share register of shareholders of the Bank, Huijin directly held 195,941,976 A-shares of the Bank, and Central Huijin Asset Management Ltd., a wholly-owned subsidiary of Huijin, directly held 496,639,800 A-shares of the Bank.
2. On 26 May 2009, Huijin declared its interests on the website of Hong Kong Stock Exchange. It disclosed that it held the interests of 133,262,144,534 H-shares of the Bank, accounting for 59.31% and 57.03% of the H-shares issued (224,689,084,000 shares) and the ordinary shares issued (233,689,084,000 shares) at that time respectively. As at 30 June 2022, according to the H-share register of shareholders of the Bank, Huijin directly held 142,590,494,651 H-shares of the Bank, accounting for 59.31% of the H-shares issued (240,417,319,880 shares) and 57.03% of the ordinary shares issued (250,010,977,486 shares).

7.5 Directors' and Supervisors' Interests and Short Positions

During the reporting period, there was no change in the shareholdings of directors and supervisors of the Bank. Some directors and supervisors indirectly held H-shares of the Bank by participating in the employee stock incentive plan of the Bank before they assumed their current positions. As at 30 June 2022, the number of shares held is as follows: Mr. Yang Fenglai held 16,789 H-shares, Mr. Lin Hong held 15,555 H-shares, Mr. Wang Yi held 13,023 H-shares, Mr. Liu Jun held 12,447 H-shares, Mr. Deng Aibing held 17,009 H-shares of the Bank respectively; Mr. Wang Jiang, the resigned vice chairman, executive director and president, held 15,417 H-shares. Save as disclosed above, none of the directors and supervisors of the Bank had any interests or short positions in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which have to be notified to the Bank and Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and Hong Kong Stock Exchange pursuant to Appendix 10 *Model Code for Securities Transactions by Directors of Listed Issuers* to the Listing Rules of Hong Kong Stock Exchange.

7.6 Details of Preference Shares

At the end of the reporting period, the Bank had 24 preference shareholders, all of which were domestic preference shareholders.

At the end of June, the particulars of shareholding of the top ten domestic preference shareholders of the Bank were as follows.

Unit: share

Name of preference shareholder	Nature of shareholder	Shareholding percentage (%)	Change during the reporting period	Total number of shares held
Shanghai Branch of Bank of China Limited	Others	15.00	–	90,000,000
Hwabao Trust Co., Ltd.	Others	14.36	–	86,140,000
Bosera Asset Management Co., Limited	Others	10.17	–	61,000,000
China Life Insurance Company Limited	Others	8.33	–	50,000,000
China Mobile Communications Group Co., Ltd.	State-owned legal person	8.33	–	50,000,000
Jiangsu International Trust Corporation Limited	Others	7.64	–	45,860,000
CITIC Securities Co., Ltd.	Others	6.04	-1,400,000	36,220,000
Truvalue Asset Management Co., Limited	Others	4.50	–	27,022,000
GF Securities Asset Management (Guangdong) Co., Ltd.	Others	4.50	–	27,000,000
Postal Savings Bank of China Co., Ltd.	Others	4.50	–	27,000,000

1. Particulars of shareholding of the preference shareholders were based on the information in the Bank's register of preference shareholders. None of the aforesaid shares had restoration of voting rights, or were pledged, labelled or frozen.
2. The Bank is not aware of any connected relation or concerted action among the aforesaid preference shareholders, or between the aforesaid preference shareholders and the top ten ordinary shareholders.

In accordance with *Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, *Accounting Standard for Business Enterprise No. 37 – Presentation of Financial Instruments* and *Rules on Distinguishing Financial Liabilities and Equity Instruments and Relevant Accounting Treatments* promulgated by the MOF, as well as *International Financial Reporting Standard No. 9 – Financial Instruments* and *International Accounting Standard No. 32 – Financial Instruments: Presentation* formulated by the International Accounting Standards Board, the existing preference shares issued by the Bank meet the requirements of equity instruments in their terms and conditions, and are treated as equity instruments.

The Bank had not issued preference shares in the past three years. During the reporting period, there was no distribution of dividend, redemption, conversion or restoration of voting rights of preference shares issued by the Bank.

CONTENTS

Report on Review of Interim Financial Information

安永

27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

To the Board of Directors of China Construction Bank Corporation
(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the accompanying interim condensed financial information set out on pages 77 to 176, which comprises the consolidated statement of financial position of China Construction Bank Corporation (the "Bank") and its subsidiaries (the "Group") as at 30 June 2022 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and condensed explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
30 August 2022

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022
(Expressed in millions of RMB, unless otherwise stated)

	Note	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Unaudited)
Interest income		**564,957**	515,949
Interest expense		**(247,617)**	(219,864)
Net interest income	3	**317,340**	296,085
Fee and commission income		**77,139**	77,570
Fee and commission expense		**(8,316)**	(8,132)
Net fee and commission income	4	**68,823**	69,438
Net trading gain	5	**2,413**	2,870
Dividend income	6	**4,085**	3,657
Net (loss)/gain arising from investment securities	7	**(4,363)**	1,853
Net gain on derecognition of financial assets measured at amortised cost	8	**34**	2,527
Other operating income, net:			
– Other operating income		**47,754**	40,289
– Other operating expense		**(45,725)**	(35,812)
Other operating income, net	9	**2,029**	4,477
Operating income		**390,361**	380,907
Operating expenses	10	**(95,018)**	(88,160)
		295,343	292,747
Credit impairment losses	11	**(103,294)**	(108,320)
Other impairment losses	12	**(81)**	(192)
Share of profits of associates and joint ventures		**418**	228
Profit before tax		**192,386**	184,463
Income tax expense	13	**(30,656)**	(30,357)
Net profit		**161,730**	154,106
Other comprehensive income:			
(1) Other comprehensive income that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**(130)**	121
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income		**100**	(139)
Others		**–**	4
Subtotal		**(30)**	(14)
(2) Other comprehensive income that may be reclassified subsequently to profit or loss			
Fair value changes of debt instruments measured at fair value through other comprehensive income		**(5,196)**	2,627
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income		**1,273**	(47)
Reclassification adjustments included in profit or loss due to disposals		**(37)**	(248)
Net gain on cash flow hedges		**161**	245
Exchange difference on translating foreign operations		**4,264**	(2,819)
Subtotal		**465**	(242)
Other comprehensive income for the period, net of tax		**435**	(256)
Total comprehensive income for the period		**162,165**	153,850

The notes on pages 84 to 176 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022
(Expressed in millions of RMB, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Net profit attributable to:			
Equity shareholders of the Bank		**161,642**	153,300
Non-controlling interests		**88**	806
		161,730	154,106
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**162,000**	153,007
Non-controlling interests		**165**	843
		162,165	153,850
Basic and diluted earnings per share (in RMB Yuan)	14	**0.65**	0.61

The notes on pages 84 to 176 form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022
(Expressed in millions of RMB, unless otherwise stated)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets:			
Cash and deposits with central banks	15	**2,832,614**	2,763,892
Deposits with banks and non-bank financial institutions	16	**350,259**	155,107
Precious metals		**183,036**	121,493
Placements with banks and non-bank financial institutions	17	**318,740**	188,162
Positive fair value of derivatives	18	**43,655**	31,550
Financial assets held under resale agreements	19	**1,118,427**	549,078
Loans and advances to customers	20	**19,694,042**	18,170,492
Financial investments	21		
Financial assets measured at fair value through profit or loss		**561,778**	545,273
Financial assets measured at amortised cost		**5,909,338**	5,155,168
Financial assets measured at fair value through other comprehensive income		**1,954,768**	1,941,478
Long-term equity investments	22	**21,247**	18,875
Fixed assets	24	**167,934**	168,326
Land use rights	25	**13,393**	13,630
Intangible assets	26	**5,509**	5,858
Goodwill	27	**2,209**	2,141
Deferred tax assets	28	**106,892**	92,343
Other assets	29	**405,237**	331,113
Total assets		**33,689,078**	30,253,979
Liabilities:			
Borrowings from central banks	31	**777,146**	685,033
Deposits from banks and non-bank financial institutions	32	**2,754,989**	1,932,926
Placements from banks and non-bank financial institutions	33	**383,591**	299,275
Financial liabilities measured at fair value through profit or loss	34	**297,393**	229,022
Negative fair value of derivatives	18	**41,888**	31,323
Financial assets sold under repurchase agreements	35	**91,596**	33,900
Deposits from customers	36	**24,184,466**	22,378,814
Accrued staff costs	37	**38,372**	40,998
Taxes payable	38	**56,085**	86,342
Provisions	39	**47,342**	45,903
Debt securities issued	40	**1,688,826**	1,323,377
Deferred tax liabilities	28	**1,066**	1,395
Other liabilities	41	**644,466**	551,549
Total liabilities		**31,007,226**	27,639,857
Equity:			
Share capital	42	**250,011**	250,011
Other equity instruments	43		
Preference shares		**59,977**	59,977
Perpetual bonds		**39,991**	39,991
Capital reserve	44	**134,925**	134,925
Other comprehensive income	45	**21,696**	21,338
Surplus reserve	46	**305,571**	305,571
General reserve	47	**385,120**	381,621
Retained earnings	48	**1,461,936**	1,394,797
Total equity attributable to equity shareholders of the Bank		**2,659,227**	2,588,231
Non-controlling interests		**22,625**	25,891
Total equity		**2,681,852**	2,614,122
Total liabilities and equity		**33,689,078**	30,253,979

Approved and authorised for issue by the Board of Directors on 30 August 2022.

Zhang Jinliang	**Kenneth Patrick Chung**	**Graeme Wheeler**
Vice Chairman, executive director and president	*Independent non-executive director*	*Independent non-executive director*

The notes on pages 84 to 176 form part of these financial statements.

Consolidated statement of changes in equity

For the six months ended 30 June 2022
(Expressed in millions of RMB, unless otherwise stated)

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

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

The notes on pages 84 to 176 form part of these financial statements.

(Expressed in millions of RMB, unless otherwise stated)

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

The notes on pages 84 to 176 form part of these financial statements.

Consolidated statement of cash flows

For the six months ended 30 June 2022
(Expressed in millions of RMB, unless otherwise stated)

	Note	Six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities:			
Profit before tax		**192,386**	184,463
Adjustments for:			
– Credit impairment losses	11	**103,294**	108,320
– Other impairment losses	12	**81**	192
– Depreciation and amortisation	10	**13,324**	13,185
– Interest income from impaired financial assets		**(2,406)**	(2,364)
– Revaluation loss on financial instruments measured at fair value through profit or loss		**4,988**	552
– Share of profits of associates and joint ventures		**(418)**	(228)
– Dividend income	6	**(4,085)**	(3,657)
– Unrealised foreign exchange loss/(gain)		**3,747**	(8,347)
– Interest expense on bonds issued		**10,687**	9,014
– Interest income from investment securities and net income from disposal		**(117,875)**	(110,080)
– Net gain on disposal of fixed assets and other long-term assets		**(55)**	(182)
		203,668	190,868
Changes in operating assets:			
Net (increase)/decrease in deposits with central banks and with banks and non-bank financial institutions		**(107,212)**	67,846
Net (increase)/decrease in placements with banks and non-bank financial institutions		**(52,015)**	6,791
Net increase in financial assets held under resale agreements		**(568,938)**	(103,211)
Net increase in loans and advances to customers		**(1,554,328)**	(1,365,735)
Net (increase)/decrease in financial assets held for trading purposes		**(1,243)**	5,879
Net increase in other operating assets		**(144,654)**	(123,181)
		(2,428,390)	(1,511,611)
Changes in operating liabilities:			
Net increase/(decrease) in borrowings from central banks		**85,308**	(20,583)
Net increase in deposits from customers and from banks and non-bank financial institutions		**2,560,015**	1,512,541
Net increase in placements from banks and non-bank financial institutions		**70,707**	19,702
Net increase in financial liabilities measured at fair value through profit or loss		**67,564**	38,521
Net increase in financial assets sold under repurchase agreements		**56,737**	59,138
Net increase/(decrease) in certificates of deposit issued		**259,218**	(20,463)
Income tax paid		**(72,386)**	(74,013)
Net increase/(decrease) in other operating liabilities		**13,060**	(21,941)
		3,040,223	1,492,902
Net cash from operating activities		**815,501**	172,159

The notes on pages 84 to 176 form part of these financial statements.

(Expressed in millions of RMB, unless otherwise stated)

	Note	Six months ended 30 June 2022 (Unaudited)	2021 (Unaudited)
Cash flows from investing activities:			
Proceeds from sales and redemption of financial investments		**654,381**	1,000,396
Interest and dividends received		**120,534**	111,886
Proceeds from disposal of fixed assets and other long-term assets		**1,546**	1,049
Purchase of investment securities		**(1,444,931)**	(1,287,737)
Purchase of fixed assets and other long-term assets		**(8,380)**	(5,422)
Acquisition of subsidiaries, associates and joint ventures		**(1,835)**	(1,440)
Net cash used in investing activities		**(678,685)**	(181,268)
Cash flows from financing activities:			
Issue of bonds		**94,761**	54,102
Cash received from subsidiaries' capital injection by non-controlling interests holders		**–**	770
Dividends paid		**(43)**	(100)
Repayment of borrowings		**(7,628)**	(18,203)
Cash payment for redemption non-controlling interests of other equity instruments		**(3,335)**	–
Interest paid on bonds issued		**(3,035)**	(2,293)
Cash payment for other financing activities		**(3,917)**	(3,317)
Net cash from financing activities		**76,803**	30,959
Effect of exchange rate changes on cash and cash equivalents		**18,259**	(4,623)
Net increase in cash and cash equivalents		**231,878**	17,227
Cash and cash equivalents as at 1 January	49	**805,600**	878,931
Cash and cash equivalents as at 30 June	49	**1,037,478**	896,158
Cash flows from operating activities include:			
Interest received, excluding interest income from investment securities		**435,206**	400,886
Interest paid, excluding interest expense on bonds issued		**(223,330)**	(166,364)

The notes on pages 84 to 176 form part of these financial statements.

1 Company information

The history of China Construction Bank Corporation (the "Bank") dates back to 1954, which was previously known as the People's Construction Bank of China when it was established. It was responsible for the management and distribution of government funds for construction and infrastructure related projects under the state economic plan. The People's Construction Bank of China gradually evolved into a comprehensive commercial bank following the takeover of the function of granting policy loans by China Development Bank in 1994. In 1996, the People's Construction Bank of China changed its name to China Construction Bank ("CCB"). On 17 September 2004, China Construction Bank Corporation was established in the People's Republic of China (the "PRC") as a result of a separation procedure undertaken by its predecessor, China Construction Bank. In October 2005 and September 2007, the Bank's H shares and A shares were listed on the Hong Kong Stock Exchange (Stock Code: 939) and the Shanghai Stock Exchange (Stock Code: 601939), successively. As at 30 June 2022, the Bank issued the total ordinary share capital of RMB250,011 million, with a par value of RMB1.00 per share.

The Bank obtained its finance permit No.B0004H111000001 from the China Banking Regulatory Commission ("CBRC") (In 2018, it was renamed as China Banking and Insurance Regulatory Commission, hereinafter referred to as the "CBIRC") of the PRC. The Bank obtained its unified social credit code No.911100001000044477 from the Beijing Administration for Industry and Commerce. The registered office of the Bank is located at No.25, Financial Street, Xicheng District, Beijing, the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, trustee, finance leasing, investment banking, insurance and other financial services. The Group mainly operates in the Chinese mainland and also has a number of overseas branches and subsidiaries. For the purpose of these financial statements, "the Chinese mainland" refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan. "Overseas" refers to countries and regions other than the Chinese mainland.

The Bank is under the supervision of the banking regulatory bodies empowered by the State Council of the PRC (the "State Council"). The overseas financial institutions of the Bank are required to comply with the regulatory requirements of their respective local jurisdictions. Central Huijin Investment Ltd. ("Huijin"), a wholly-owned subsidiary of China Investment Corporation ("CIC"), exercises its rights and obligations as an investor in accordance with laws on behalf of the PRC government.

2. Basis of preparation and significant accounting policies

(1) Basis of preparation

The interim financial statements have been prepared in accordance with *International Accounting Standard* ("IAS") 34 "Interim Financial Reporting" and all applicable disclosure provisions of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

The unaudited interim financial statements contain selected explanatory notes, which provide explanations of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 December 2021. The selected notes do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

(2) Use of estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions.

(3) Consolidation

The interim financial statements comprise the Bank and its subsidiaries and the Group's interests in associates and joint ventures.

The financial results and performance of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Necessary adjustments on the accounting period and accounting policies of subsidiaries are made to comply with those of the Bank. Intragroup balances and transactions, and any profits or losses arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements.

The Group's interests in associates or joint ventures are included from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. Profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

(Expressed in millions of RMB, unless otherwise stated)

2 Basis of preparation and significant accounting policies (continued)

(4) Significant accounting policies

The Group has adopted the following amendments for the first time for the current interim period.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	

The adoption of the above amendments does not have a significant impact on the Group's consolidated financial statements.

Except for those described above, the significant accounting policies adopted by the Group for the interim financial statements are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

(5) Taxation

The Group's main applicable taxes and tax rates are as follows:

Value added tax ("VAT")

Pursuant to the Circular on the Comprehensive Plan for Levying VAT in place of Business Tax (CaiShui [2016] No.36) jointly issued by the Ministry of Finance and the State Administration of Taxation, business tax that used to be levied on taxable income of the Bank and its subsidiaries in the Chinese mainland was replaced by VAT from 1 May 2016, and the main VAT taxation rate is 6%.

City construction tax

City construction tax is calculated as 1% to 7% of VAT.

Education surcharge

Education surcharge is calculated as 3% of VAT.

Local education surcharge

Local education surcharge is calculated as 2% of VAT.

Income tax

The income tax rate that is applicable to the Bank and its subsidiaries in the Chinese mainland is 25%. Taxation on overseas operations is charged at the relevant local rates. Tax paid on overseas operations is set off to the extent allowed under the relevant income tax laws of the PRC.

(6) Interim financial statements

The interim financial statements have been reviewed by the Audit Committee of the Bank, and were approved by the Board of Directors of the Bank on 30 August 2022. The interim financial statements have also been reviewed by the Bank's auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial statements is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 March 2022.

(Expressed in millions of RMB, unless otherwise stated)

3 Net interest income

	Six months ended 30 June	
	2022	2021
Interest income arising from:		
Deposits with central banks	**18,267**	18,514
Deposits with banks and non-bank financial institutions	**1,820**	6,891
Placements with banks and non-bank financial institutions	**2,751**	2,824
Financial assets held under resale agreements	**6,795**	6,239
Financial investments	**122,287**	108,236
Loans and advances to customers		
– Corporate loans and advances	**214,117**	191,612
– Personal loans and advances	**194,572**	179,043
– Discounted bills	**4,348**	2,590
Total	**564,957**	515,949
Interest expense arising from:		
Borrowings from central banks	**(9,902)**	(10,692)
Deposits from banks and non-bank financial institutions	**(20,736)**	(16,429)
Placements from banks and non-bank financial institutions	**(2,902)**	(2,552)
Financial assets sold under repurchase agreements	**(630)**	(326)
Debt securities issued	**(20,254)**	(14,323)
Deposits from customers		
– Corporate deposits	**(83,636)**	(76,264)
– Personal deposits	**(109,557)**	(99,278)
Total	**(247,617)**	(219,864)
Net interest income	**317,340**	296,085

(1) Interest income from impaired financial assets is listed as follows:

	Six months ended 30 June	
	2022	2021
Impaired loans and advances	**2,357**	2,355
Other impaired financial assets	**49**	9
Total	**2,406**	2,364

(2) Interest expense on financial liabilities with maturity over five years mainly represented the interest expense on debt securities issued.

(Expressed in millions of RMB, unless otherwise stated)

4 Net fee and commission income

	Six months ended 30 June	
	2022	2021
Fee and commission income		
Settlement and clearing fees	**20,018**	19,910
Agency service fees	**12,954**	11,842
Commission on trust and fiduciary activities	**11,274**	10,980
Wealth management service fees	**9,166**	9,116
Bank card fees	**8,512**	10,443
Consultancy and advisory fees	**7,876**	8,520
Others	**7,339**	6,759
Total	**77,139**	77,570
Fee and commission expense		
Bank card transaction fees	**(2,786)**	(2,992)
Inter-bank transaction fees	**(542)**	(570)
Others	**(4,988)**	(4,570)
Total	**(8,316)**	(8,132)
Net fee and commission income	**68,823**	69,438

5 Net trading gain

	Six months ended 30 June	
	2022	2021
Debt securities	**1,417**	2,097
Derivatives	**624**	239
Equity investments	**(180)**	14
Others	**552**	520
Total	**2,413**	2,870

6 Dividend income

	Six months ended 30 June	
	2022	2021
Dividend income from equity investments measured at fair value through profit or loss	**4,076**	3,649
Dividend income from equity investments measured at fair value through other comprehensive income	**9**	8
Total	**4,085**	3,657

(Expressed in millions of RMB, unless otherwise stated)

7 Net (loss)/gain arising from investment securities

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

8 Net gain on derecognition of financial assets measured at amortised cost

For the six months ended 30 June 2022, the Group did not have any gains on derecognition of financial assets measured at amortised cost which arose from the issuance of asset-backed securities (for the six months ended 30 June 2021: net gains of RMB2,478 million).

9 Other operating income, net

	Six months ended 30 June	
Other operating income	**2022**	2021
Insurance related income	**36,908**	27,440
Foreign exchange gains	**696**	4,289
Rental income	**2,771**	1,743
Others	**7,379**	6,817
Total	**47,754**	40,289

Foreign exchange gains or losses includes gains and losses in connection with the translation of foreign currency denominated monetary assets and liabilities, and net realised and unrealised gains and losses on foreign exchange derivatives (including those foreign exchange swaps, foreign exchange options and cross currency swaps entered into in order to economically hedge positions in foreign currency assets).

	Six months ended 30 June	
Other operating expense	**2022**	2021
Insurance related costs	**37,024**	28,710
Others	**8,701**	7,102
Total	**45,725**	35,812

(Expressed in millions of RMB, unless otherwise stated)

10 Operating expenses

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

11 Credit impairment losses

	Six months ended 30 June	
	2022	2021
Loans and advances to customers	**93,032**	94,450
Financial investments		
– Financial assets measured at amortised cost	**5,667**	3,332
– Financial assets measured at fair value through other comprehensive income	**677**	(59)
Off-balance sheet credit business	**1,509**	742
Others	**2,409**	9,855
Total	**103,294**	108,320

12 Other impairment losses

	Six months ended 30 June	
	2022	2021
Other impairment losses	**81**	192

13 Income tax expense

(1) Income tax expense

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

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

(2) Reconciliation between income tax expense and accounting profit

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

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

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

14 Earnings per share

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

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

15 Cash and deposits with central banks

	Note	30 June 2022	31 December 2021
Cash		**50,201**	48,613
Deposits with central banks			
– Statutory deposit reserves	(1)	**2,251,286**	2,160,485
– Surplus deposit reserves	(2)	**470,718**	520,700
– Fiscal deposits and others		**59,396**	33,032
Accrued interest		**1,013**	1,062
Total		**2,832,614**	2,763,892

(1) The Group places statutory deposit reserves with the People's Bank of China ("PBC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business.

As at the end of the reporting period, the Bank's statutory deposit reserve rates in the Chinese mainland were as follows:

	30 June 2022	31 December 2021
Reserve rate for RMB deposits	**9.75%**	10.00%
Reserve rate for foreign currency deposits	**8.00%**	9.00%

The statutory RMB deposit reserve rates applicable to domestic subsidiaries of the Group are determined by the PBC.

The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

(2) The surplus deposit reserve maintained with the PBC is mainly for the purpose of clearing.

16 Deposits with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2022	31 December 2021
Banks	**341,927**	146,243
Non-bank financial institutions	**7,289**	8,003
Accrued interest	**1,508**	986
Gross balances	**350,724**	155,232
Allowances for impairment losses (Note 30)	**(465)**	(125)
Net balances	**350,259**	155,107

(2) Analysed by geographical sectors

	30 June 2022	31 December 2021
The Chinese mainland	**313,306**	122,172
Overseas	**35,910**	32,074
Accrued interest	**1,508**	986
Gross balances	**350,724**	155,232
Allowances for impairment losses (Note 30)	**(465)**	(125)
Net balances	**350,259**	155,107

For the six months ended 30 June 2022 and for the year ended 31 December 2021, the book value of deposits with banks and non-bank financial institutions was in Stage 1. The book value and the impairment loss allowances do not involve the transfers between stages.

(Expressed in millions of RMB, unless otherwise stated)

17 Placements with banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2022	31 December 2021
Banks	222,756	96,021
Non-bank financial institutions	95,516	91,551
Accrued interest	1,157	1,004
Gross balances	319,429	188,576
Allowances for impairment losses (Note 30)	(689)	(414)
Net balances	318,740	188,162

(2) Analysed by geographical sectors

	30 June 2022	31 December 2021
The Chinese mainland	216,852	115,485
Overseas	101,420	72,087
Accrued interest	1,157	1,004
Gross balances	319,429	188,576
Allowances for impairment losses (Note 30)	(689)	(414)
Net balances	318,740	188,162

As at 30 June 2022, all the Group's placements with banks and non-bank financial institutions had been designated as Stage 1 (at 31 December 2021: a carrying amount of RMB16,250 million had been designated as Stage 2, with corresponding impairment loss allowances of RMB67 million. All remaining carrying amounts had been designated as Stage 1).

18 Derivatives and hedge accounting

(1) Analysed by type of contract

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

(Expressed in millions of RMB, unless otherwise stated)

18 Derivatives and hedge accounting (continued)

(2) Analysed by counterparty credit risk-weighted assets

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

The notional amounts of derivatives only represent the unsettled transaction volume as at the end of the reporting period, instead of the amount of risk assets. Since 1 January 2013, the Group has adopted *Capital Rules for Commercial Banks (Provisional)* and other related policies. According to the rules set out by the CBIRC, the counterparty credit risk-weighted assets included risk-weighted assets for credit valuation adjustments with the considerations of counterparty status and maturity characteristic, and included back-to-back client-driven transactions. The risk-weighted assets for counterparty credit risk of derivatives of the Group were calculated in accordance with the *Rules on Measuring Derivative Counterparty Default Risk Assets* since 1 January 2019.

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

(3) Hedge accounting

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

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

(a) Fair value hedges

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

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

	Six months ended 30 June	
	2022	2021
Net gains/(losses) on		
– hedging instruments	**806**	432
– hedged items	**(806)**	(432)

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

(Expressed in millions of RMB, unless otherwise stated)

18 Derivatives and hedge accounting (continued)

(3) Hedge accounting (continued)

(b) Cash flow hedges

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

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

19 Financial assets held under resale agreements

Financial assets held under resale agreements analysed by underlying assets are shown as follows:

	30 June 2022	31 December 2021
Debt securities		
– Government bonds	**445,927**	259,628
– Debt securities issued by policy banks, banks and non-bank financial institutions	**539,138**	253,753
Subtotal	**985,065**	513,381
Discounted bills	**133,485**	35,590
Accrued interest	**223**	199
Total	**1,118,773**	549,170
Allowances for impairment losses (Note 30)	**(346)**	(92)
Net balances	**1,118,427**	549,078

For the six months ended 30 June 2022 and for the year ended 31 December 2021, the book value of financial assets held under resale agreements was in Stage 1. The book value and the impairment loss allowances do not involve the transfers between stages.

20 Loans and advances to customers

(1) Analysed by measurement

	Note	**30 June 2022**	31 December 2021
Loans and advances to customers measured at amortised cost		**19,614,090**	18,380,916
Less: allowances for impairment losses		**(694,852)**	(637,338)
Carrying amount of loans and advances to customers measured at amortised cost	(a)	**18,919,238**	17,743,578
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	(b)	**723,162**	379,469
Carrying amount of loans and advances to customers measured at fair value through profit or loss	(c)	**3,286**	3,761
Accrued interest		**48,356**	43,684
Carrying amount of loans and advances to customers		**19,694,042**	18,170,492

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(1) Analysed by measurement (continued)

(a) Loans and advances to customers measured at amortised cost

	30 June 2022	31 December 2021
Corporate loans and advances		
– Loans	**11,313,380**	10,267,665
– Finance leases	**123,857**	135,601
	11,437,237	10,403,266
Personal loans and advances		
– Residential mortgages	**6,545,566**	6,449,580
– Personal consumer loans	**262,291**	240,147
– Personal business loans	**307,183**	226,463
– Credit cards	**913,046**	899,127
– Others	**148,767**	162,333
	8,176,853	7,977,650
Gross loans and advances to customers measured at amortised cost	**19,614,090**	18,380,916
Stage 1 – allowances for impairment losses	**(333,500)**	(310,207)
Stage 2 – allowances for impairment losses	**(185,722)**	(154,465)
Stage 3 – allowances for impairment losses	**(175,630)**	(172,666)
Allowances for impairment losses (Note 30)	**(694,852)**	(637,338)
Net loans and advances to customers measured at amortised cost	**18,919,238**	17,743,578

(b) Loans and advances to customers measured at fair value through other comprehensive income

	30 June 2022	31 December 2021
Discounted bills	**723,162**	379,469

(c) Loans and advances to customers measured at fair value through profit or loss

	30 June 2022	31 December 2021
Corporate loans and advances	**3,286**	3,761

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(2) Analysed by assessment method of expected credit losses

	30 June 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans and advances to customers measured at amortised cost	**18,690,583**	**638,002**	**285,505**	**19,614,090**
Less: allowances for impairment losses	**(333,500)**	**(185,722)**	**(175,630)**	**(694,852)**
Carrying amount of loans and advances to customers measured at amortised cost	**18,357,083**	**452,280**	**109,875**	**18,919,238**
Provision percentage for loans and advances to customers measured at amortised cost	**1.78%**	**29.11%**	**61.52%**	**3.54%**
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	**718,254**	**4,904**	**4**	**723,162**
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	**(1,782)**	**(349)**	**(1)**	**(2,132)**

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross loans and advances to customers measured at amortised cost	17,525,964	588,881	266,071	18,380,916
Less: allowances for impairment losses	(310,207)	(154,465)	(172,666)	(637,338)
Carrying amount of loans and advances to customers measured at amortised cost	17,215,757	434,416	93,405	17,743,578
Provision percentage for loans and advances to customers measured at amortised cost	1.77%	26.23%	64.89%	3.47%
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	376,355	3,114	–	379,469
Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(900)	(216)	–	(1,116)

For loans and advances to customers designated as Stages 1 and Stage 2 as well as personal loans and advances designated as Stage 3, management assessed ECL using the risk parameter modelling approach that incorporated relevant parameters such as probability of default, loss given default, and exposure at default. For corporate loans and advances and discounted bills designated as Stage 3, management calculated ECL using the discounted cash flow method.

The segmentation of the loans mentioned above is defined in Note 56(1).

(3) Movements of allowances for impairment losses

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

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(3) Movements of allowances for impairment losses (continued)

	Note	2021 Stage 1	Stage 2	Stage 3	Total
As at 1 January 2021		275,428	108,099	172,536	556,063
Transfers:					
Transfers in/(out) to Stage 1		9,277	(8,793)	(484)	–
Transfers in/(out) to Stage 2		(10,303)	12,817	(2,514)	–
Transfers in/(out) to Stage 3		(2,551)	(21,749)	24,300	–
Newly originated or purchased financial assets		153,274	–	–	153,274
Transfer out/repayment	(a)	(107,775)	(19,250)	(47,119)	(174,144)
Remeasurements	(b)	(7,143)	83,341	72,186	148,384
Write-off		–	–	(59,999)	(59,999)
Recoveries of loans and advances written off		–	–	13,760	13,760
As at 31 December 2021		310,207	154,465	172,666	637,338

(a) Transfer out/repayment refers to transfer of creditor's rights, securitisation of assets, debt-to-equity swaps and reversal of loss provision due to repayment of debt in the form of other assets, as well as repayment of loans.

(b) Remeasurements comprise the impact of changes in Probability of Default ("PD"), Loss Given Default ("LGD") or Exposure at Default ("EAD"); changes in model assumptions and methodologies; loss provisions change due to stage-transfer; unwinding of discount; and the impact of exchange rate changes, etc.

The loss provisions disclosed above are for loans and advances to customers measured at amortised cost.

(4) Overdue loans analysed by overdue period

	30 June 2022 Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	**19,511**	**17,025**	**13,044**	**2,485**	**52,065**
Guaranteed loans	**11,299**	**16,573**	**21,190**	**5,217**	**54,279**
Loans secured by property and other immovable assets	**36,289**	**19,078**	**18,266**	**9,913**	**83,546**
Other pledged loans	**2,382**	**2,361**	**2,433**	**585**	**7,761**
Total	**69,481**	**55,037**	**54,933**	**18,200**	**197,651**
As a percentage of gross loans and advances to customers	**0.34%**	**0.27%**	**0.27%**	**0.09%**	**0.97%**

	31 December 2021 Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	15,751	19,292	8,068	4,137	47,248
Guaranteed loans	8,809	14,063	27,182	6,087	56,141
Loans secured by property and other immovable assets	22,588	19,086	20,726	4,178	66,578
Other pledged loans	1,698	2,708	1,657	431	6,494
Total	48,846	55,149	57,633	14,833	176,461
As a percentage of gross loans and advances to customers	0.26%	0.29%	0.31%	0.08%	0.94%

Overdue loans represent loans of which the whole or part of the principal or interest is overdue for 1 day or more.

(Expressed in millions of RMB, unless otherwise stated)

20 Loans and advances to customers (continued)

(5) Packaged disposal of non-performing loans

For the six months ended 30 June 2022, the Group's total amount of non-performing loans sold through packaged disposal to external asset management companies was RMB1,713 million (for the six months ended 30 June 2021: RMB3,227 million).

(6) Write-off

According to the Group's write-off policy, it is required to continue to recover the bad debts that are written off. For the six months ended 30 June 2022, the amount of loans and advances to customers that the Group has written off under litigation-related condition but still under enforcement is RMB5,611 million (for the six month ended 30 June 2021: RMB9,552 million).

21 Financial investments

(1) Analysed by measurement

	Note	**30 June 2022**	31 December 2021
Financial assets measured at fair value through profit or loss	(a)	**561,778**	545,273
Financial assets measured at amortised cost	(b)	**5,909,338**	5,155,168
Financial assets measured at fair value through other comprehensive income	(c)	**1,954,768**	1,941,478
Total		**8,425,884**	7,641,919

(a) Financial assets measured at fair value through profit or loss

Analysed by nature

	Note	**30 June 2022**	31 December 2021
Held-for-trading purposes			
– Debt securities	(i)	**124,450**	123,857
– Equity instruments and funds	(ii)	**1,314**	931
		125,764	124,788
Others			
– Credit investments	(iii)	**49,139**	19,613
– Debt securities	(iv)	**143,254**	136,747
– Funds and others	(v)	**243,621**	264,125
		436,014	420,485
Total		**561,778**	545,273

(Expressed in millions of RMB, unless otherwise stated)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

(a) Financial assets measured at fair value through profit or loss (continued)

Analysed by type of issuers

Held-for-trading purposes

(i) Debt securities

	30 June 2022	31 December 2021
Government	**12,558**	16,936
Central banks	**6,098**	211
Policy banks	**20,388**	34,105
Banks and non-bank financial institutions	**34,360**	28,966
Enterprises	**51,046**	43,639
Total	**124,450**	123,857
Listed (Note)	**118,030**	123,461
– of which in Hong Kong	**1,261**	1,326
Unlisted	**6,420**	396
Total	**124,450**	123,857

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(ii) Equity instruments and funds

	30 June 2022	31 December 2021
Banks and non-bank financial institutions	**1,047**	575
Enterprises	**267**	356
Total	**1,314**	931
Listed	**395**	405
– of which in Hong Kong	**106**	91
Unlisted	**919**	526
Total	**1,314**	931

(Expressed in millions of RMB, unless otherwise stated)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

(a) *Financial assets measured at fair value through profit or loss (continued)*

Analysed by type of issuers

Others

(iii) *Credit investments*

	30 June 2022	31 December 2021
Banks and non-bank financial institutions	**28,982**	4,071
Enterprises	**20,157**	15,542
Total	**49,139**	19,613
Listed	**–**	–
– of which in Hong Kong	**–**	–
Unlisted	**49,139**	19,613
Total	**49,139**	19,613

(iv) *Debt securities*

	30 June 2022	31 December 2021
Policy banks	**7,594**	7,499
Banks and non-bank financial institutions	**134,750**	128,045
Enterprises	**910**	1,203
Total	**143,254**	136,747
Listed (Note)	**142,237**	135,766
– of which in Hong Kong	**29**	265
Unlisted	**1,017**	981
Total	**143,254**	136,747

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(v) *Funds and others*

	30 June 2022	31 December 2021
Banks and non-bank financial institutions	**101,420**	116,539
Enterprises	**142,201**	147,586
Total	**243,621**	264,125
Listed	**34,998**	51,408
– of which in Hong Kong	**1,094**	1,283
Unlisted	**208,623**	212,717
Total	**243,621**	264,125

There was no significant limitation on the ability of the Group to dispose of financial assets measured at fair value through profit or loss.

(Expressed in millions of RMB, unless otherwise stated)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

(b) Financial assets measured at amortised cost

Analysed by type of issuers

	30 June 2022	31 December 2021
Government	**5,152,794**	4,417,350
Central banks	**256**	4,799
Policy banks	**310,339**	293,199
Banks and non-bank financial institutions	**139,610**	141,458
Enterprises	**221,131**	214,569
Special government bond	**49,200**	49,200
Subtotal	**5,873,330**	5,120,575
Accrued interest	**75,738**	68,821
Gross balances	**5,949,068**	5,189,396
Allowances for impairment losses		
– Stage 1	**(22,637)**	(17,737)
– Stage 2	**(409)**	(1,427)
– Stage 3	**(16,684)**	(15,064)
Subtotal	**(39,730)**	(34,228)
Net balances	**5,909,338**	5,155,168
Listed (Note)	**5,794,071**	5,039,270
– of which in Hong Kong	**5,653**	5,500
Unlisted	**115,267**	115,898
Total	**5,909,338**	5,155,168
Market value of listed bonds	**5,870,393**	5,133,633

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(Expressed in millions of RMB, unless otherwise stated)

21 Financial investments (continued)

(1) Analysed by measurement (continued)

(c) Financial assets measured at fair value through other comprehensive income

Analysed by nature

	Note	30 June 2022	31 December 2021
Debt securities	(i)	**1,947,361**	1,934,061
Equity instruments	(ii)	**7,407**	7,417
Total		**1,954,768**	1,941,478

Analysed by type of issuers

(i) Debt securities

	30 June 2022	31 December 2021
Government	**1,220,963**	1,200,061
Central banks	**35,399**	38,103
Policy banks	**407,112**	413,845
Banks and non-bank financial institutions	**118,562**	99,382
Enterprises	**110,825**	120,348
Accumulated change of fair value charged in other comprehensive income	**28,025**	36,527
Subtotal	**1,920,886**	1,908,266
Accrued interest	**26,475**	25,795
Total	**1,947,361**	1,934,061
Listed (Note)	**1,867,212**	1,865,916
– of which in Hong Kong	**66,849**	68,435
Unlisted	**80,149**	68,145
Total	**1,947,361**	1,934,061

Note: Debt securities traded on the China Domestic Interbank Bond Market are classified as "Listed".

(ii) Equity instruments

	30 June 2022		31 December 2021	
	Fair value	Dividend income during the period	Fair value	Dividend income during the year
Equity instruments	**7,407**	**8**	7,417	17

For the six months ended 30 June 2022 and for the year ended 31 December 2021, the Group neither sold any of the investments above nor transferred any cumulative profit or loss in equity.

(Expressed in millions of RMB, unless otherwise stated)

21 Financial investments (continued)

(2) Movements of allowances for impairment losses

(a) Financial assets measured at amortised cost

	Note	Six months ended 30 June 2022			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2022		**17,737**	**1,427**	**15,064**	**34,228**
Transfers:					
Transfers in/(out) to Stage 1		**–**	**–**	**–**	**–**
Transfers in/(out) to Stage 2		**(17)**	**76**	**(59)**	**–**
Transfers in/(out) to Stage 3		**(11)**	**(307)**	**318**	**–**
Newly originated or purchased financial assets		**2,076**	**–**	**–**	**2,076**
Financial assets derecognised during the period		**(1,050)**	**(604)**	**(1,884)**	**(3,538)**
Remeasurements	(i)	**3,850**	**(183)**	**3,462**	**7,129**
Foreign exchange and other movements		**52**	**–**	**(217)**	**(165)**
As at 30 June 2022		**22,637**	**409**	**16,684**	**39,730**

	Note	2021			
		Stage 1	Stage 2	Stage 3	Total
As at 1 January 2021		13,211	282	6,745	20,238
Transfers:					
Transfers in/(out) to Stage 1		–	–	–	–
Transfers in/(out) to Stage 2		(13)	13	–	–
Transfers in/(out) to Stage 3		–	(111)	111	–
Newly originated or purchased financial assets		5,073	916	7,364	13,353
Financial assets derecognised during the year		(1,494)	(112)	(623)	(2,229)
Remeasurements	(i)	878	429	3,399	4,706
Foreign exchange and other movements		82	10	(1,932)	(1,840)
As at 31 December 2021		17,737	1,427	15,064	34,228

(b) Financial assets measured at fair value through other comprehensive income

	Note	Six months ended 30 June 2022			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2022		**3,640**	**101**	**70**	**3,811**
Transfers:					
Transfers in/(out) to Stage 1		**3**	**(3)**	**–**	**–**
Transfers in/(out) to Stage 2		**(2)**	**2**	**–**	**–**
Transfers in/(out) to Stage 3		**–**	**(54)**	**54**	**–**
Newly originated or purchased financial assets		**497**	**–**	**–**	**497**
Financial assets derecognised during the period		**(706)**	**(18)**	**(70)**	**(794)**
Remeasurements	(i)	**747**	**15**	**212**	**974**
Foreign exchange and other movements		**–**	**1**	**3**	**4**
As at 30 June 2022		**4,179**	**44**	**269**	**4,492**

(Expressed in millions of RMB, unless otherwise stated)

21 Financial investments (continued)

(2) Movements of allowances for impairment losses (continued)

(b) Financial assets measured at fair value through other comprehensive income (continued)

		2021			
	Note	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2021		3,334	11	–	3,345
Transfers:					
Transfers in/(out) to Stage 1		11	(11)	–	–
Transfers in/(out) to Stage 2		(9)	9	–	–
Transfers in/(out) to Stage 3		(1)	–	1	–
Newly originated or purchased financial assets		641	3	–	644
Financial assets derecognised during the year		(856)	–	–	(856)
Remeasurements	(i)	417	159	104	680
Foreign exchange and other movements		103	(70)	(35)	(2)
As at 31 December 2021		3,640	101	70	3,811

(i) Remeasurements mainly comprise the impact of changes in PD, LGD,EAD and credit loss changes due to stage-transfer.

As at 30 June 2022, the Group's financial assets measured at amortised cost with carrying amount of RMB18,744 million(as at 31 December 2021:RMB18,296 million) and financial assets measured at fair value through other comprehensive income with carrying amount of RMB171 million (as at 31 December 2021:RMB74 million) were impaired and classified as Stage 3, financial assets measured at amortised cost with carrying amount of RMB3,767 million(as at 31 December 2021:RMB5,241 million) and financial assets measured at fair value through other comprehensive income with carrying amount of RMB549 million(as at 31 December 2021:RMB1,469 million) were classified as Stage 2, and the remaining financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income were classified as Stage 1.

For the six months ended 30 June 2022, the increase in the Group's Stage 1 financial assets due to newly originated or purchased financial assets amounted to RMB1,516,752 million(for the year ended 31 December 2021: RMB1,568,530 million), the decrease in Stage 1 financial assets due to derecognition amounted to RMB732,092 million(for the year ended 31 December 2021:RMB833,474 million), and there were no significant changes in the balances of financial assets classified as Stage 2 and 3. Both the amounts of financial assets transferred between stages and the amounts of financial assets with modifications of contractual cash flows that did not result in a derecognition were not significant.

(Expressed in millions of RMB, unless otherwise stated)

22 Long-term equity investments

(1) Investments in subsidiaries

(a) Investment balance

	Note	30 June 2022	31 December 2021
CCB Financial Asset Investment Co., Ltd. ("CCB Investment")		**27,000**	27,000
CCB Wealth Management Co., Ltd. ("CCB Wealth Management")		**15,000**	15,000
CCB Financial Leasing Co., Ltd. ("CCB Financial Leasing")		**11,163**	11,163
CCB Brazil Financial Holding – Investimentos e Participações Ltda.		**9,542**	9,542
CCB Trust Co., Ltd. ("CCB Trust")		**7,429**	7,429
CCB Life Insurance Co., Ltd. ("CCB Life")		**6,962**	6,962
China Construction Bank (Europe) S.A. ("CCB Europe")		**4,406**	4,406
China Construction Bank (London) Limited ("CCB London")	(i)	**2,861**	2,861
PT Bank China Construction Bank Indonesia Tbk ("CCB Indonesia")		**2,215**	2,215
CCB Pension Management Co., Ltd. ("CCB Pension")		**1,955**	1,955
Sino-German Bausparkasse Co., Ltd. ("Sino-German Bausparkasse")		**1,502**	1,502
China Construction Bank (Malaysia) Berhad ("CCB Malaysia")		**1,334**	1,334
China Construction Bank (New Zealand) Limited ("CCB New Zealand")		**976**	976
China Construction Bank (Russia) Limited Liability Company ("CCB Russia")		**851**	851
Golden Fountain Finance Limited ("Golden Fountain")		**676**	676
CCB Principal Asset Management Co., Ltd. ("CCB Principal Asset Management")		**130**	130
CCB International Group Holdings Limited("CCBIG")		**–**	–
Subtotal		**94,002**	94,002
Less: Allowance for impairment losses		**(8,110)**	(8,110)
Total		**85,892**	85,892

(i) The Group steadily pressed ahead with business integration of its London entities. As of 30 June 2022, CCB London's application for termination of business has been approved by domestic and overseas regulators, and subsequent work is still underway.

(b) Except for CCB Indonesia, the major subsidiaries of the Group are unlisted enterprises, details of the investments in subsidiaries are as follows:

Name of company	Principal place of business	Particulars of issued and paid-up capital	Kind of legal entity	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
CCB Investment	Beijing, the PRC	RMB27,000 million	Company with Limited Liability	Investment	100%	–	100%	Establishment
CCB Wealth Management	Shenzhen, the PRC	RMB15,000 million	Company with Limited Liability	Wealth Management	100%	–	100%	Establishment
CCB Financial Leasing	Beijing, the PRC	RMB11,000 million	Company with Limited Liability	Financial Leasing	100%	–	100%	Establishment
CCB Brazil Financial Holding – Investimentos e Participações Ltda.	Sao Paulo, Brasil	R$4,281 million	Company with Limited Liability	Investment	99.99%	0.01%	100%	Acquisition
CCB Trust	Anhui, the PRC	RMB10,500 million	Company with Limited Liability	Trust business	67%	–	67%	Acquisition
CCB Life	Shanghai, the PRC	RMB7,120 million	Company Limited by Shares	Insurance	51%	–	51%	Acquisition
CCB Europe	Luxembourg	EUR550 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment

(Expressed in millions of RMB, unless otherwise stated)

22 Long-term equity investments (continued)

(1) Investments in subsidiaries (continued)

(b) Except for CCB Indonesia, the major subsidiaries of the Group are unlisted enterprises, details of the investments in subsidiaries are as follows: (continued)

Name of company	Principal place of business	Particulars of issued and paid-up capital	Kind of legal entity	Principal activities	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	% of voting rights held by the Bank	Method of investment
CCB London	London, United Kingdom	US$200 million RMB1,500 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB Indonesia	Jakarta, Indonesia	IDR3,791,973 million	Company Limited by Shares	Commercial Banking	60%	–	60%	Acquisition
CCB Pension	Beijing, the PRC	RMB2,300 million	Company with Limited Liability	Pension Management	85%	–	85%	Establishment
Sino-German Bausparkasse	Tianjin, the PRC	RMB2,000 million	Company with Limited Liability	House savings	75.10%	–	75.10%	Establishment
CCB Malaysia	Kuala Lumpur, Malaysia	MYR823 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB New Zealand	Auckland, New Zealand	NZD199 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
CCB Russia	Moscow, Russia	RUB4,200 million	Company with Limited Liability	Commercial Banking	100%	–	100%	Establishment
Golden Fountain	British Virgin Islands	US$50,000	Company with Limited Liability	Investment	100%	–	100%	Acquisition
CCB Principal Asset management	Beijing, the PRC	RMB200 million	Company with Limited Liability	Fund management services	65%	–	65%	Establishment
CCBIG	Hong Kong, the PRC	HK$1	Company with Limited Liability	Investment	100%	–	100%	Establishment
CCB International (Holdings) Limited ("CCB International")	Hong Kong, the PRC	US$601 million	Company with Limited Liability	Investment	–	100%	100%	Acquisition
China Construction Bank (Asia) Corporation Limited ("CCB Asia")	Hong Kong, the PRC	HK$6,511 million RMB17,600 million	Company Limited by Shares	Commercial Banking	–	100%	100%	Acquisition
China Construction Bank (Brasil) Banco Múltiplo S/A. ("CCB Brasil")	Sao Paulo, Brasil	R$2,957 million	Company Limited by Shares	Commercial Banking	–	100%	100%	Acquisition

(c) As at 30 June 2022, the amount of the non-controlling interests of the subsidiaries was immaterial to the Group.

(Expressed in millions of RMB, unless otherwise stated)

22 Long-term equity investments (continued)

(2) Interests in associates and joint ventures

(a) The movements of the Group's interests in associates and joint ventures are as follows:

	Six months ended 30 June 2022	2021
As at 1 January	**18,875**	13,702
Increase in capital during the period/year	**1,835**	4,961
Decrease in capital during the period/year	**(39)**	(1,152)
Share of profits	**418**	1,603
Cash dividend receivable	**(51)**	(150)
Effect of exchange difference and others	**209**	(89)
As at 30 June/31 December	**21,247**	18,875

(b) Details of the interests in major associates and joint ventures are as follows:

Name of Company	Principal place of business	Particulars of issued and paid-up capital	Principal activities	% of ownership held	% of voting held	Total assets at period end	Total liabilities at period end	Revenue for the period	Net profit for the period
Guoxin Jianxin Equity Investment Fund (Chengdu) Partnership (Limited Partnership)	Chengdu, the PRC	RMB10,862 million	Equity investment	50.00%	50.00%	11,916	84	52	9
CCB Gold Investment Infrastructure Equity Investment Fund (Tianjin) Partnership (Limited Partnership)	Tianjin, the PRC	RMB3,500 million	Equity investment	48.57%	40.00%	4,048	–	91	91
Diamond String Limited	Hong Kong, the PRC	HK$10,000	Property investment	50.00%	50.00%	1,703	1,549	108	53
Guomin Pension&Insurance Co., Ltd	Beijing, the PRC	RMB11,150 million	Insurance	8.97%	8.97%	11,349	165	161	33
Shaanxi State-owned Enterprises Reform Financial Asset Equity Investment Fund Partnership (Limited Partnership)	Xi 'an, the PRC	RMB1,004 million	Equity investment	50.00%	50.00%	1,015	2	12	9

(Expressed in millions of RMB, unless otherwise stated)

23 Structured entities

(1) Unconsolidated structured entities

Unconsolidated structured entities of the Group include trust plans, asset management plans, funds, asset-backed securities and wealth management products held for investment purposes and non-principal guaranteed wealth management products, trust plans and funds, etc., which are issued or established by the Group for providing wealth management services to customers and earning management fees, commission and custodian fees in return.

As at 30 June 2022 and 31 December 2021, the assets recognised for the Group's interests in the unconsolidated structured entities above included related investment and management fee, commission and custodian fee receivables accrued. The related carrying amount presented in the line items in the consolidated statement of financial position and the maximum exposure were as follows:

	30 June 2022	31 December 2021
Financial investments		
Financial assets measured at fair value through profit or loss	**138,456**	121,693
Financial assets measured at amortised cost	**21,783**	25,692
Financial assets measured at fair value through other comprehensive income	**614**	617
Long-term equity investments	**14,767**	13,340
Other assets	**3,970**	4,431
Total	**179,590**	165,773

For the six months ended 30 June 2022 and 2021, the income from these unconsolidated structured entities held by the Group presented in the line items in the consolidated statement of comprehensive income was as follows:

	Six months ended 30 June	
	2022	2021
Interest income	**655**	885
Fee and commission income	**9,252**	9,242
Net trading gain	**48**	549
Dividend income	**1,128**	303
Net (loss)/gain arising from investment securities	**(877)**	2,395
Share of profits of associates and joint ventures	**254**	77
Total	**10,460**	13,451

As at 30 June 2022, the balance of the non-principal guaranteed wealth management products set up by the Group amounted to RMB2,151,580 million (as at 31 December 2021: RMB2,372,279 million) and the balance of trust plans, funds and asset management plans issued or established by the Group amounted to RMB2,993,962 million (as at 31 December 2021: RMB3,182,800 million). For the six months ended 30 June 2022, the Group also entered into a small number of resale agreements with above-mentioned non-principal guaranteed wealth management products. These resale agreement transactions were conducted in accordance with market price or general commercial terms and conditions, and the gains or losses from such transactions had no significant impact on the Group.

(2) Consolidated structured entities

Structured entities included in the Group's scope of consolidation consisted mainly of asset management plans and trust plans partially invested by the Group.

(Expressed in millions of RMB, unless otherwise stated)

24 Fixed assets

	Bank premises	Construction in progress	Equipment	Aircraft and vessels	Others	Total
Cost/Deemed cost						
As at 1 January 2022	**146,606**	**11,628**	**56,232**	**35,529**	**47,048**	**297,043**
Additions	**116**	**839**	**1,017**	**5,995**	**1,168**	**9,135**
Transfer in/(out)	**1,381**	**(2,268)**	**12**	**–**	**875**	**–**
Other movements	**(243)**	**(401)**	**(2,518)**	**483**	**(662)**	**(3,341)**
As at 30 June 2022	**147,860**	**9,798**	**54,743**	**42,007**	**48,429**	**302,837**
Accumulated depreciation						
As at 1 January 2022	**(52,501)**	**–**	**(37,661)**	**(7,082)**	**(30,683)**	**(127,927)**
Charge for the period	**(2,598)**	**–**	**(2,931)**	**(983)**	**(2,349)**	**(8,861)**
Other movements	**79**	**–**	**2,428**	**(285)**	**544**	**2,766**
As at 30 June 2022	**(55,020)**	**–**	**(38,164)**	**(8,350)**	**(32,488)**	**(134,022)**
Allowances for impairment losses (Note 30)						
As at 1 January 2022	**(390)**	**–**	**–**	**(397)**	**(3)**	**(790)**
Charge for the period	**–**	**–**	**–**	**(71)**	**–**	**(71)**
Other movements	**1**	**–**	**–**	**(21)**	**–**	**(20)**
As at 30 June 2022	**(389)**	**–**	**–**	**(489)**	**(3)**	**(881)**
Net carrying value						
As at 1 January 2022	**93,715**	**11,628**	**18,571**	**28,050**	**16,362**	**168,326**
As at 30 June 2022	**92,451**	**9,798**	**16,579**	**33,168**	**15,938**	**167,934**

	Bank premises	Construction in progress	Equipment	Aircraft and vessels	Others	Total
Cost/Deemed cost						
As at 1 January 2021	141,234	17,242	52,750	34,698	46,834	292,758
Additions	905	5,373	5,645	3,356	2,080	17,359
Transfer in/(out)	5,188	(10,241)	2,374	–	2,679	–
Other movements	(721)	(746)	(4,537)	(2,525)	(4,545)	(13,074)
As at 31 December 2021	146,606	11,628	56,232	35,529	47,048	297,043
Accumulated depreciation						
As at 1 January 2021	(47,755)	–	(35,927)	(5,872)	(30,207)	(119,761)
Charge for the year	(4,947)	–	(6,155)	(1,483)	(5,016)	(17,601)
Other movements	201	–	4,421	273	4,540	9,435
As at 31 December 2021	(52,501)	–	(37,661)	(7,082)	(30,683)	(127,927)
Allowances for impairment losses (Note 30)						
As at 1 January 2021	(392)	(1)	–	(96)	(3)	(492)
Charge for the year	–	–	–	(304)	–	(304)
Other movements	2	1	–	3	–	6
As at 31 December 2021	(390)	–	–	(397)	(3)	(790)
Net carrying value						
As at 1 January 2021	93,087	17,241	16,823	28,730	16,624	172,505
As at 31 December 2021	93,715	11,628	18,571	28,050	16,362	168,326

Notes:

(1) Other movements include disposals, retirements and exchange differences of fixed assets.

(2) As at 30 June 2022, the ownership documentation for the Group's bank premises with a net carrying value of RMB11,279 million (as at 31 December 2021: RMB11,997 million) was being finalised. However, management is of the view that the aforesaid matter would not affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

(Expressed in millions of RMB, unless otherwise stated)

25 Land use rights

	Six months ended 30 June 2022	2021
Cost/Deemed cost		
As at 1 January	**22,692**	22,652
Additions	**34**	145
Disposals	**(29)**	(105)
As at 30 June/31 December	**22,697**	22,692
Amortisation		
As at 1 January	**(8,927)**	(8,399)
Charge for the period/year	**(252)**	(546)
Disposals	**8**	18
As at 30 June/31 December	**(9,171)**	(8,927)
Allowances for impairment losses (Note 30)		
As at 1 January	**(135)**	(135)
Disposals	**2**	–
As at 30 June/31 December	**(133)**	(135)
Net carrying value		
As at 1 January	**13,630**	14,118
As at 30 June/31 December	**13,393**	13,630

The Group's right-of-use assets include the above fully prepaid land use rights and other right-of-use assets disclosed in Note 29(2).

26 Intangible assets

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2022	**16,175**	**1,033**	**17,208**
Additions	**624**	**44**	**668**
Disposals	**(46)**	**(30)**	**(76)**
As at 30 June 2022	**16,753**	**1,047**	**17,800**
Amortisation			
As at 1 January 2022	**(10,904)**	**(437)**	**(11,341)**
Charge for the period	**(927)**	**(25)**	**(952)**
Disposals	**10**	**1**	**11**
As at 30 June 2022	**(11,821)**	**(461)**	**(12,282)**
Allowances for impairment losses (Note 30)			
As at 1 January 2022	**–**	**(9)**	**(9)**
Additions	**–**	**–**	**–**
Disposals	**–**	**–**	**–**
As at 30 June 2022	**–**	**(9)**	**(9)**
Net carrying value			
As at 1 January 2022	**5,271**	**587**	**5,858**
As at 30 June 2022	**4,932**	**577**	**5,509**

(Expressed in millions of RMB, unless otherwise stated)

26 Intangible assets (continued)

	Software	Others	Total
Cost/Deemed cost			
As at 1 January 2021	13,494	1,475	14,969
Additions	2,779	129	2,908
Disposals	(98)	(571)	(669)
As at 31 December 2021	16,175	1,033	17,208
Amortisation			
As at 1 January 2021	(9,100)	(581)	(9,681)
Charge for the year	(1,883)	(93)	(1,976)
Disposals	79	237	316
As at 31 December 2021	(10,904)	(437)	(11,341)
Allowances for impairment losses (Note 30)			
As at 1 January 2021	–	(9)	(9)
Additions	–	–	–
Disposals	–	–	–
As at 31 December 2021	–	(9)	(9)
Net carrying value			
As at 1 January 2021	4,394	885	5,279
As at 31 December 2021	5,271	587	5,858

27 Goodwill

(1) The goodwill is mainly attributable to the expected synergies arising from the acquisition of CCB Asia, CCB Brasil and CCB Indonesia. The movements of the goodwill are as follows:

	Six months ended 30 June 2022	2021
As at 1 January	**2,141**	2,210
Effect of exchange difference	**68**	(69)
As at 30 June/31 December	**2,209**	2,141

(2) Impairment test for CGU containing goodwill

The Group calculated the recoverable amounts of CGUs (including goodwill) in accordance with accounting policies. The Group estimated present values of future cash flows of CGUs using expected future cash flow projections based on financial forecasts approved by management. The average growth rates used by the Group were consistent with the forecasts in industry reports, while the discount rates reflected specific risks relating to relevant segments. The Group estimated net amounts of fair value less costs of disposal based on net assets within the CGUs.

As at 30 June 2022, the Group's goodwill impairment provision amounted to RMB361 million (as at 31 December 2021: RMB321 million), mainly due to goodwill impairment of CCB Brasil CGU.

(Expressed in millions of RMB, unless otherwise stated)

28 Deferred tax

	30 June 2022	31 December 2021
Deferred tax assets	**106,892**	92,343
Deferred tax liabilities	**(1,066)**	(1,395)
Total	**105,826**	90,948

(1) Analysed by nature

	30 June 2022		31 December 2021	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Fair value adjustments	**(34,809)**	**(8,867)**	(46,115)	(11,538)
– Allowances for impairment losses	**485,887**	**121,229**	432,616	107,959
– Employee benefits	**15,201**	**3,768**	18,237	4,538
– Others	**(28,603)**	**(9,238)**	(26,222)	(8,616)
Total	**437,676**	**106,892**	378,516	92,343
Deferred tax liabilities				
– Fair value adjustments	**(4,152)**	**(953)**	(6,059)	(1,382)
– Others	**(875)**	**(113)**	(361)	(13)
Total	**(5,027)**	**(1,066)**	(6,420)	(1,395)

(2) Movements of deferred tax

	Fair value adjustments	Allowances for impairment losses	Employee benefits	Others	Total
As at 1 January 2022	**(12,920)**	**107,959**	**4,538**	**(8,629)**	**90,948**
Recognised in profit or loss	**1,787**	**13,270**	**(770)**	**(722)**	**13,565**
Recognised in other comprehensive income	**1,313**	**–**	**–**	**–**	**1,313**
As at 30 June 2022	**(9,820)**	**121,229**	**3,768**	**(9,351)**	**105,826**
As at 1 January 2021	(5,983)	101,782	3,801	(8,201)	91,399
Recognised in profit or loss	(2,451)	6,177	737	(428)	4,035
Recognised in other comprehensive income	(4,486)	–	–	–	(4,486)
As at 31 December 2021	(12,920)	107,959	4,538	(8,629)	90,948

The Group did not have significant unrecognised deferred tax as at the end of the reporting period.

(Expressed in millions of RMB, unless otherwise stated)

29 Other assets

	Note	30 June 2022	31 December 2021
Repossessed assets	(1)		
– Buildings		**1,333**	1,336
– Land use rights		**49**	64
– Others		**250**	248
		1,632	1,648
Clearing and settlement accounts		**140,777**	83,268
Fee and commission receivables		**28,746**	23,724
Right-of-use assets	(2)	**25,472**	26,416
Policyholder account assets and accounts receivable of insurance business		**13,947**	12,825
Leasehold improvements		**2,503**	2,520
Deferred expenses		**1,728**	1,569
Others		**198,532**	185,793
Gross balance		**413,337**	337,763
Allowances for impairment losses (Note 30)			
– Repossessed assets		**(995)**	(980)
– Others		**(7,105)**	(5,670)
Net balance		**405,237**	331,113

(1) For the six months ended 30 June 2022, the original cost of repossessed assets disposed of by the Group amounted to RMB49 million (for the six months ended 30 June 2021: RMB125 million). The Group intends to dispose of repossessed assets through various methods including auction, competitive bidding and transfer.

(2) Right-of-use assets

	Bank premises	Others	Total
Cost			
As at 1 January 2022	**43,543**	**98**	**43,641**
Additions	**3,964**	**7**	**3,971**
Other movements	**(2,607)**	**(3)**	**(2,610)**
As at 30 June 2022	**44,900**	**102**	**45,002**
Accumulated depreciation			
As at 1 January 2022	**(17,174)**	**(51)**	**(17,225)**
Charge for the period	**(3,885)**	**(12)**	**(3,897)**
Other movements	**1,589**	**3**	**1,592**
As at 30 June 2022	**(19,470)**	**(60)**	**(19,530)**
Net carrying value			
As at 1 January 2022	**26,369**	**47**	**26,416**
As at 30 June 2022	**25,430**	**42**	**25,472**

	Bank premises	Others	Total
Cost			
As at 1 January 2021	38,685	80	38,765
Additions	9,955	30	9,985
Other movements	(5,097)	(12)	(5,109)
As at 31 December 2021	43,543	98	43,641
Accumulated depreciation			
As at 1 January 2021	(12,745)	(38)	(12,783)
Charge for the year	(8,013)	(22)	(8,035)
Other movements	3,584	9	3,593
As at 31 December 2021	(17,174)	(51)	(17,225)
Net carrying value			
As at 1 January 2021	25,940	42	25,982
As at 31 December 2021	26,369	47	26,416

The Group's right-of-use assets include the above assets and land use rights disclosed in Note 25.

(Expressed in millions of RMB, unless otherwise stated)

30 Movements of allowances for impairment losses

	Note	Six months ended 30 June 2022 As at 1 January	Charge/ (reversal) for the period	Transfer in/(out)	Write-off and others	As at 30 June
Deposits with banks and non-bank financial institutions	16	**125**	**338**	**2**	**–**	**465**
Precious metals		**13**	**(3)**	**–**	**–**	**10**
Placements with banks and non-bank financial institutions	17	**414**	**264**	**3**	**8**	**689**
Financial assets held under resale agreements	19	**92**	**254**	**–**	**–**	**346**
Loans and advances to customers measured at amortised cost	20	**637,338**	**92,016**	**(10,675)**	**(23,827)**	**694,852**
Financial assets measured at amortised cost	21(2)(a)	**34,228**	**5,667**	**407**	**(572)**	**39,730**
Fixed assets	24	**790**	**71**	**21**	**(1)**	**881**
Land use rights	25	**135**	**–**	**–**	**(2)**	**133**
Intangible assets	26	**9**	**–**	**–**	**–**	**9**
Goodwill	27	**321**	**–**	**40**	**–**	**361**
Other assets	29	**6,650**	**1,863**	**63**	**(476)**	**8,100**
Total		**680,115**	**100,470**	**(10,139)**	**(24,870)**	**745,576**

	Note	2021 As at 1 January	(Reversal)/ charge for the year	Transfer (out)/in	Write-off and others	As at 31 December
Deposits with banks and non-bank financial institutions	16	298	(173)	–	–	125
Precious metals		9	4	–	–	13
Placements with banks and non-bank financial institutions	17	310	95	–	9	414
Financial assets held under resale agreements	19	167	(75)	–	–	92
Loans and advances to customers measured at amortised cost	20	556,063	160,048	(18,774)	(59,999)	637,338
Financial assets measured at amortised cost	21(2)(a)	20,238	15,830	(913)	(927)	34,228
Fixed assets	24	492	304	–	(6)	790
Land use rights	25	135	–	–	–	135
Intangible assets	26	9	–	–	–	9
Goodwill	27	377	–	(56)	–	321
Other assets	29	5,435	4,302	–	(3,087)	6,650
Total		583,533	180,335	(19,743)	(64,010)	680,115

Transfer in/(out) includes exchange differences.

31 Borrowings from central banks

	30 June 2022	31 December 2021
The Chinese mainland	**735,384**	640,154
Overseas	**29,369**	37,992
Accrued interest	**12,393**	6,887
Total	**777,146**	685,033

(Expressed in millions of RMB, unless otherwise stated)

32 Deposits from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2022	31 December 2021
Banks	**276,113**	219,393
Non-bank financial institutions	**2,465,290**	1,703,197
Accrued interest	**13,586**	10,336
Total	**2,754,989**	1,932,926

(2) Analysed by geographical sectors

	30 June 2022	31 December 2021
The Chinese mainland	**2,604,258**	1,773,838
Overseas	**137,145**	148,752
Accrued interest	**13,586**	10,336
Total	**2,754,989**	1,932,926

33 Placements from banks and non-bank financial institutions

(1) Analysed by type of counterparties

	30 June 2022	31 December 2021
Banks	**341,994**	275,835
Non-bank financial institutions	**40,275**	22,294
Accrued interest	**1,322**	1,146
Total	**383,591**	299,275

(2) Analysed by geographical sectors

	30 June 2022	31 December 2021
The Chinese mainland	**182,500**	156,883
Overseas	**199,769**	141,246
Accrued interest	**1,322**	1,146
Total	**383,591**	299,275

34 Financial liabilities measured at fair value through profit or loss

	30 June 2022	31 December 2021
Financial liabilities related to precious metals	**29,151**	31,372
Structured financial instruments	**268,242**	197,650
Total	**297,393**	229,022

The Group's financial liabilities measured at fair value through profit or loss are those designated as measured at fair value through profit or loss. As at the end of the reporting period, the difference between the fair value of these financial liabilities and the contractual payables at maturity was not material. The amounts of changes in the fair value of these financial liabilities that were attributable to changes in credit risk were considered not significant during the period and the year presented and cumulatively as at 30 June 2022 and 31 December 2021.

(Expressed in millions of RMB, unless otherwise stated)

35 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements analysed by underlying assets are shown as follows:

	30 June 2022	31 December 2021
Debt securities		
– Government bonds	79,615	20,768
– Debt securities issued by policy banks, banks and non-bank financial institutions	6,553	9,565
– Corporate bonds	3,076	2,764
Subtotal	89,244	33,097
Discounted bills	2,304	778
Accrued interest	48	25
Total	91,596	33,900

36 Deposits from customers

	30 June 2022	31 December 2021
Demand deposits		
– Corporate customers	6,929,553	6,616,784
– Personal customers	5,188,873	4,920,726
Subtotal	12,118,426	11,537,510
Time deposits (including call deposits)		
– Corporate customers	4,364,095	3,949,459
– Personal customers	7,342,891	6,541,654
Subtotal	11,706,986	10,491,113
Accrued interest	359,054	350,191
Total	24,184,466	22,378,814

Deposits from customers include:

		30 June 2022	31 December 2021
(1)	Pledged deposits		
	– Deposits for acceptance	134,841	79,552
	– Deposits for guarantee	36,617	38,268
	– Deposits for letter of credit	21,036	17,944
	– Others	234,494	191,702
	Total	426,988	327,466
(2)	Outward remittance and remittance payables	15,327	12,824

(Expressed in millions of RMB, unless otherwise stated)

37 Accrued staff costs

	Note	Six months ended 30 June 2022			
		As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Salaries, bonuses, allowances and subsidies		**27,716**	**37,092**	**(39,471)**	**25,337**
Housing funds		**308**	**3,552**	**(3,619)**	**241**
Union running costs and employee education costs		**6,907**	**1,185**	**(724)**	**7,368**
Post-employment benefits	(1)	**637**	**7,621**	**(7,643)**	**615**
Early retirement benefits		**918**	**6**	**(42)**	**882**
Compensation to employees for termination of employment relationship		**–**	**3**	**(3)**	**–**
Others	(2)	**4,512**	**5,104**	**(5,687)**	**3,929**
Total		**40,998**	**54,563**	**(57,189)**	**38,372**

	Note	2021			
		As at 1 January	Increased	Decreased	As at 31 December
Salaries, bonuses, allowances and subsidies		23,230	79,673	(75,187)	27,716
Housing funds		251	7,273	(7,216)	308
Union running costs and employee education costs		5,764	3,463	(2,320)	6,907
Post-employment benefits	(1)	596	14,842	(14,801)	637
Early retirement benefits		1,005	12	(99)	918
Compensation to employees for termination of employment relationship		–	5	(5)	–
Others	(2)	4,614	13,159	(13,261)	4,512
Total		35,460	118,427	(112,889)	40,998

The Group had no overdue balance of accrued staff costs as at the end of the reporting period.

(1) Post-employment benefits

(a) Defined contribution plans

	Six months ended 30 June 2022			
	As at 1 January	**Increased**	**Decreased**	**As at 30 June**
Basic pension insurance	**732**	**4,531**	**(4,791)**	**472**
Unemployment insurance	**45**	**150**	**(144)**	**51**
Annuity contribution	**721**	**2,741**	**(2,627)**	**835**
Total	**1,498**	**7,422**	**(7,562)**	**1,358**

	2021			
	As at 1 January	Increased	Decreased	As at 31 December
Basic pension insurance	529	8,981	(8,778)	732
Unemployment insurance	49	318	(322)	45
Annuity contribution	874	5,365	(5,518)	721
Total	1,452	14,664	(14,618)	1,498

(Expressed in millions of RMB, unless otherwise stated)

37 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) Defined benefit plans – Supplementary retirement benefits

The Group's obligations in respect of the supplementary retirement benefits as at the end of the reporting period were calculated using the projected unit credit method.

	Present value of defined benefit plan obligations		**Fair value of plan assets**		**Net assets of defined benefit plans**	
	Six months ended 30 June 2022	2021	**Six months ended 30 June 2022**	2021	**Six months ended 30 June 2022**	2021
As at 1 January	**5,083**	5,266	**5,944**	6,122	**(861)**	(856)
Cost of the net defined benefit liability in profit or loss						
– Interest costs	**67**	160	**79**	190	**(12)**	(30)
Remeasurements of the defined benefit liability in other comprehensive income						
– Actuarial (gains)/losses	**(69)**	178	**–**	–	**(69)**	178
– Returns on plan assets	**–**	–	**(199)**	153	**199**	(153)
Other changes						
– Benefits paid	**(248)**	(521)	**(248)**	(521)	**–**	–
As at 30 June/31 December	**4,833**	5,083	**5,576**	5,944	**(743)**	(861)

Interest cost was recognised in operating expenses.

(i) Principal actuarial assumptions of the Group as at the end of the reporting period were as follows:

	30 June 2022	31 December 2021
Discount rate	**2.85%**	2.75%
Health care cost increase rate	**7.00%**	7.00%
Average expected future lifetime of eligible employees	**10.7 years**	11.0 years

Mortality assumptions are based on China Life Insurance Mortality Table (2010-2013). The Table published historical statistics in China.

(Expressed in millions of RMB, unless otherwise stated)

37 Accrued staff costs (continued)

(1) Post-employment benefits (continued)

(b) *Defined benefit plans – Supplementary retirement benefits (continued)*

(ii) The sensitivity of the present value of supplementary retirement benefit obligations to changes in the weighted principal assumption is:

	Impact on present value of supplementary retirement benefit obligations	
	Increase in assumption by 0.25%	Decrease in assumption by 0.25%
Discount rate	(88)	92
Health care cost increase rate	41	(40)

(iii) As at 30 June 2022, the weighted average duration of supplementary retirement benefit obligations of the Group was 8.4 years (as at 31 December 2021: 8.0 years).

(iv) Plan assets of the Group are as follows:

	30 June 2022	31 December 2021
Cash and cash equivalents	**794**	590
Equity instruments	**515**	823
Debt instruments and others	**4,267**	4,531
Total	**5,576**	5,944

(2) Accrued staff costs – others mainly include employee welfare, medical insurance, maternity insurance and employment injury insurance.

38 Taxes payable

	30 June 2022	31 December 2021
Income tax	**42,433**	73,128
Value added tax	**11,952**	10,665
Others	**1,700**	2,549
Total	**56,085**	86,342

(Expressed in millions of RMB, unless otherwise stated)

39 Provisions

	Note	30 June 2022	31 December 2021
Expected credit losses from off-balance sheet credit business	(1)	**36,046**	34,515
Expected losses from other businesses	(2)	**11,296**	11,388
Total		**47,342**	45,903

(1) Movements of the provision – expected credit losses on off-balance sheet credit business

	Note	Six months ended 30 June 2022			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
As at 1 January 2022		**28,193**	**5,620**	**702**	**34,515**
Transfers:					
Transfers in/(out) to Stage 1		**856**	**(856)**	**–**	**–**
Transfers in/(out) to Stage 2		**(171)**	**186**	**(15)**	**–**
Transfers in/(out) to Stage 3		**(18)**	**(320)**	**338**	**–**
Newly originated		**11,034**	**–**	**–**	**11,034**
Decreased		**(10,309)**	**(2,446)**	**(273)**	**(13,028)**
Remeasurements	(a)	**(1,161)**	**4,016**	**670**	**3,525**
As at 30 June 2022		**28,424**	**6,200**	**1,422**	**36,046**

	Note	2021			
		Stage 1	Stage 2	Stage 3	Total
As at 1 January 2021		26,480	4,009	1,344	31,833
Transfers:					
Transfers in/(out) to Stage 1		56	(56)	–	–
Transfers in/(out) to Stage 2		(112)	141	(29)	–
Transfers in/(out) to Stage 3		(1)	(37)	38	–
Newly originated		19,758	–	–	19,758
Decreased		(16,691)	(3,247)	(728)	(20,666)
Remeasurements	(a)	(1,297)	4,810	77	3,590
As at 31 December 2021		28,193	5,620	702	34,515

(a) Remeasurements comprise the impact of changes in PD, LGD or EAD; changes in model assumptions and methodologies; loss provision changes due to stage-transfer; and the impact of exchange rate changes.

(2) Other businesses include off-balance sheet businesses other than the off-balance sheet credit business, outstanding litigations and the precious metal leasing business.

(Expressed in millions of RMB, unless otherwise stated)

40 Debt securities issued

	Note	30 June 2022	31 December 2021
Certificates of deposit issued	(1)	**1,058,925**	792,112
Bonds issued	(2)	**156,211**	141,864
Subordinated bonds issued	(3)	**47,999**	45,996
Eligible Tier 2 capital bonds issued	(4)	**411,966**	337,358
Accrued interest		**13,725**	6,047
Total		**1,688,826**	1,323,377

(1) Certificates of deposit issued were mainly issued by the head office, overseas branches, CCB Europe, CCB New Zealand and CCB International.

(2) Bonds issued

Issue date	Maturity date	Interest rate per annum	Issue place	Currency	30 June 2022	31 December 2021
18/11/2014	18/11/2024	4.08%	Taiwan	RMB	**600**	600
13/06/2017	13/06/2022	2.75%	Hong Kong	USD	**–**	3,817
25/10/2017	25/10/2022	3.15%	Hong Kong	USD	**669**	636
09/11/2017	09/11/2022	3.93%	Auckland	NZD	**626**	652
04/12/2017	04/12/2022	3.00%	Hong Kong	USD	**2,678**	2,544
08/06/2018	08/06/2023	3M LIBOR +0.83%	Hong Kong	USD	**4,017**	3,817
19/06/2018	19/06/2023	4.01%	Auckland	NZD	**417**	435
12/07/2018	12/07/2023	3M LIBOR +1.25%	Hong Kong	USD	**2,678**	2,545
21/08/2018	19/06/2023	4.005%	Auckland	NZD	**146**	152
16/05/2019	16/05/2024	3.50%	Hong Kong	USD	**2,539**	2,536
16/05/2019	16/05/2029	3.88%	Hong Kong	USD	**1,339**	1,272
26/06/2019	24/06/2022	0.21%	Japan	JPY	**–**	1,105
26/08/2019	26/08/2022	3.30%	The Chinese mainland	RMB	**6,300**	6,300
26/08/2019	26/08/2024	3.40%	The Chinese mainland	RMB	**3,000**	3,000
11/09/2019	16/05/2024	3.50%	Hong Kong	USD	**1,841**	1,908
12/09/2019	12/08/2022	3M LIBOR +0.68%	Auckland	USD	**671**	637
22/10/2019	22/10/2022	0.05%	Luxembourg	EUR	**3,495**	3,600
24/10/2019	24/10/2024	3M LIBOR +0.77%	Hong Kong	USD	**4,485**	4,262
22/11/2019	22/11/2024	2.393%	Auckland	NZD	**355**	370
10/12/2019	10/11/2022	3M New Zealand benchmark interest rate +0.88%	Auckland	NZD	**375**	391
20/12/2019	20/06/2022	3M LIBOR +0.63%	Luxembourg	USD	**–**	1,904
16/03/2020	15/03/2023	2.68%	The Chinese mainland	RMB	**6,569**	6,000
16/03/2020	15/03/2025	2.75%	The Chinese mainland	RMB	**5,000**	5,000
19/03/2020	19/03/2022	2.95%	Hong Kong	RMB	**–**	802
21/07/2020	21/07/2025	1.99%	Hong Kong	USD	**3,347**	2,876
25/09/2020	25/09/2023	0.954%	Auckland	NZD	**626**	652
28/09/2020	28/09/2025	1.78%	Hong Kong	USD	**1,339**	1,272
28/09/2020	28/09/2030	2.55%	Hong Kong	USD	**669**	636
27/10/2020	29/10/2023	3.50%	The Chinese mainland	RMB	**20,000**	20,000
03/11/2020	05/11/2023	3.70%	The Chinese mainland	RMB	**2,600**	2,600
26/01/2021	26/01/2024	3.30%	The Chinese mainland	RMB	**20,000**	20,000
02/02/2021	04/02/2024	3.65%	The Chinese mainland	RMB	**2,240**	2,240
07/04/2021	12/04/2024	3.55%	The Chinese mainland	RMB	**2,200**	2,200
22/04/2021	22/04/2023	2.85%	Singapore	RMB	**1,997**	1,997
22/04/2021	22/04/2024	0.043%	Luxembourg	EUR	**5,592**	5,760
22/04/2021	22/04/2024	0.86%	Hong Kong	USD	**4,017**	3,817
22/04/2021	22/04/2026	1.46%	Hong Kong	USD	**3,682**	3,499
27/05/2021	01/06/2024	3.33%	The Chinese mainland	RMB	**1,950**	1,950
28/06/2021	28/06/2024	0.06%	Luxembourg	EUR	**5,592**	5,760
22/07/2021	22/07/2026	1.80%	Hong Kong	USD	**2,915**	2,690
15/09/2021	15/09/2026	1.60%	Hong Kong	USD	**2,367**	2,232
29/09/2021	29/09/2026	1.50%	Hong Kong	USD	**4,686**	4,453
21/12/2021	21/12/2024	SOFR +0.50%	Hong Kong	USD	**3,346**	3,078
17/05/2022	17/05/2025	3.125%	Hong Kong	USD	**6,695**	–
17/05/2022	17/05/2024	3.40%	United Kingdom	RMB	**1,000**	–
23/05/2022	25/05/2025	2.60%	The Chinese mainland	RMB	**10,000**	–
13/06/2022	13/06/2024	2.85%	Singapore	SGD	**1,685**	–
Total nominal value					**156,345**	141,997
Less: unamortised issuance costs					**(134)**	(133)
Carrying value as at period/year end					**156,211**	141,864

(Expressed in millions of RMB, unless otherwise stated)

40 Debt securities issued (continued)

(3) Subordinated bonds issued

The carrying value of the Group's subordinated bonds issued upon the approval of the PBC and the CBIRC is as follows:

Issue date	Maturity date	Interest rate per annum	Currency	Note	30 June 2022	31 December 2021
20/11/2012	22/11/2027	4.99%	RMB	(a)	**40,000**	40,000
28/01/2021	01/02/2031	4.30%	RMB	(b)	**6,000**	6,000
18/03/2022	22/03/2032	3.70%	RMB	(c)	**2,000**	–
Total nominal value					**48,000**	46,000
Less: unamortised issuance cost					**(1)**	(4)
Carrying value as at period/year end					**47,999**	45,996

(a) The Group has an option to redeem the bonds on 22 November 2022, subject to approval from the relevant authority.

(b) The Group has an option to redeem part or all of the bonds on 1 February 2026, subject to registration from the PBC and the CBIRC.

(c) The Group has an option to redeem part or all of the bonds on 22 March 2027, subject to registration from the PBC and the CBIRC.

(4) Eligible Tier 2 capital bonds issued

Issue date	Maturity date	Interest rate per annum	Currency	Note	30 June 2022	31 December 2021
18/08/2014	18/08/2029	5.98%	RMB	(a)	**20,000**	20,000
25/09/2018	25/09/2028	4.86%	RMB	(b)	**43,000**	43,000
29/10/2018	29/10/2028	4.70%	RMB	(c)	**40,000**	40,000
27/02/2019	27/02/2029	4.25%	USD	(d)	**12,385**	11,768
24/06/2020	24/06/2030	2.45%	USD	(e)	**13,389**	12,723
10/09/2020	14/09/2030	4.20%	RMB	(f)	**65,000**	65,000
06/08/2021	10/08/2031	3.45%	RMB	(g)	**65,000**	65,000
06/08/2021	10/08/2036	3.80%	RMB	(h)	**15,000**	15,000
05/11/2021	09/11/2031	3.60%	RMB	(i)	**35,000**	35,000
05/11/2021	09/11/2036	3.80%	RMB	(j)	**10,000**	10,000
10/12/2021	14/12/2031	3.48%	RMB	(k)	**12,000**	12,000
10/12/2021	14/12/2036	3.74%	RMB	(l)	**8,000**	8,000
21/01/2022	21/01/2032	2.85%	USD	(m)	**13,381**	–
15/06/2022	17/06/2032	3.45%	RMB	(n)	**45,000**	–
15/06/2022	17/06/2037	3.65%	RMB	(o)	**15,000**	–
Total nominal value					**412,155**	337,491
Less: unamortised issuance cost					**(189)**	(133)
Carrying value as at period/year end					**411,966**	337,358

(a) The Group has an option to redeem the bonds on 18 August 2024, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(b) The Group has an option to redeem the bonds on 25 September 2023, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(c) The Group has an option to redeem the bonds on 29 October 2023, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(d) The Group has an option to redeem the bonds on 27 February 2024, subject to approval from the relevant authority. If they are not redeemed by the Group, the interest rate will be reset on 27 February 2024 and increase by 1.88% on the basis of the five-year USD treasury benchmark applicable on the interest reset date. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(e) The Group has an option to redeem the bonds on 24 June 2025, subject to approval from the relevant authority. If they are not redeemed by the Group, the interest rate will be reset on 24 June 2025 and increase by 2.15% on the basis of the five-year USD treasury benchmark applicable on the interest reset date.These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(f) The Group has an option to redeem the bonds on 14 September 2025, subject to an approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

40 Debt securities issued (continued)

(4) Eligible Tier 2 capital bonds issued (continued)

(g) The Group has an option to redeem the bonds on 10 August 2026, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(h) The Group has an option to redeem the bonds on 10 August 2031, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(i) The Group has an option to redeem the bonds on 9 November 2026, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(j) The Group has an option to redeem the bonds on 9 November 2031, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(k) The Group has an option to redeem the bonds on 14 December 2026, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(l) The Group has an option to redeem the bonds on 14 December 2031, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(m) The Group has an option to redeem the bonds on 21 January 2027, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(n) The Group has an option to redeem the bonds on 17 June 2027, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(o) The Group has an option to redeem the bonds on 17 June 2032, subject to approval from the relevant authority. These eligible Tier 2 capital bonds have the write-down feature of a Tier 2 capital instrument, which allows the Bank to write down the entire principal of the bonds when a regulatory triggering event occurs. Any accumulated unpaid interest will not be paid either.

(Expressed in millions of RMB, unless otherwise stated)

41 Other liabilities

	Note	**30 June 2022**	31 December 2021
Insurance related liabilities		**235,990**	208,711
Dividend Payable		**91,031**	93
Clearing and settlement accounts		**25,055**	25,161
Lease liabilities	(1)	**23,220**	23,749
Payment and collection clearance accounts		**21,555**	40,905
Deferred income		**17,241**	17,492
Dormant accounts		**8,458**	8,178
Accrued expenses		**7,845**	5,804
Capital expenditure payable		**5,568**	6,460
Cash pledged and rental income received in advance		**5,149**	6,068
Others		**203,354**	208,928
Total		**644,466**	551,549

(1) Lease liabilities

Maturity analysis – undiscounted analysis

	30 June 2022	31 December 2021
Within one year	**7,263**	8,950
Between one year and five years	**14,287**	10,220
More than five years	**5,849**	8,941
Total undiscounted lease liabilities	**27,399**	28,111
Lease liabilities	**23,220**	23,749

42 Share capital

	30 June 2022	31 December 2021
Listed in Hong Kong H-shares	**240,417**	240,417
Listed in the Chinese mainland A-shares	**9,594**	9,594
Total	**250,011**	250,011

All H- and A- shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

(Expressed in millions of RMB, unless otherwise stated)

43 Other equity instruments

(1) Preference shares

(a) Preference shares outstanding as at the end of the reporting period

Financial instrument outstanding	Issuance date	Classification	Initial interest rate	Issuance price	Quantity (million shares)	Total amount Currency	Original currency	(RMB)	Maturity date	Redemption /conversion conditions
2017 Domestic Preference Shares	21 December 2017	Equity instruments	4.75%	RMB 100 per share	600	RMB	60,000	60,000	No maturity date	None
Less: Issuance fee								(23)		
Carrying amount								59,977		

(b) Key terms

Dividend

The nominal dividend rate of the Domestic Preference Shares is adjusted on a phase-by-phase basis. It is the sum of the benchmark rate plus the fixed interest spread, and is adjusted every five years. The fixed interest spread is determined as the nominal dividend rate set for issuance less the benchmark rate at the time of issuance, and will not be subject to future adjustments. The dividends for domestic preference shares are non-cumulative. The Bank has the right to cancel dividend distribution on Domestic Preference Shares, and the cancellation does not constitute a default event. The Bank may, at its discretion, use the cancelled dividends to repay other indebtedness due and payable. If the Bank cancels all or part of the dividends on the Domestic Preference Shares, the Bank shall make no profit distribution to shareholders holding ordinary shares from the day after the cancellation proposal is adopted by the General Shareholders' Meeting to the day when full distribution of dividends is resumed. The cancellation of dividends on Domestic Preference Shares will not constitute other restrictions to the Bank except for the distribution of dividends to ordinary shareholders.

The dividends on the Domestic Preference Shares are distributed annually.

Redemption

The Bank may, subject to CBIRC approval and compliance with the Redemption Preconditions, redeem in whole or in part of the Domestic Preference Shares after at least five years from the completion date of the issuance (i.e., 27 December 2017). The redemption period begins from the first day of the redemption and ends on the day when all Domestic Preference Shares are redeemed or converted. The redemption price of the Domestic Preference Shares shall be their issue price plus any dividends accrued but unpaid in the current period.

Compulsory conversion of preference shares

If an Additional Tier 1 Capital Instrument Trigger Event occurs, i.e., the Core Tier 1 Capital Adequacy Ratio of the Bank has fallen to 5.125% or below, the Bank has the right to, without prior consent from the shareholders of the Domestic Preference Shares and as agreed, convert all or part of the Domestic Preference Shares issued and outstanding to ordinary A-shares, to restore the Bank's Core Tier 1 Capital Adequacy Ratio to above the trigger point (i.e., 5.125%). In the case of partial conversion, the Domestic Preference Shares shall be subject to the same proportion and conditions of conversion. Once Domestic Preference Shares are converted to ordinary A-shares, they shall not be converted back to preference shares under any circumstances.

When a Tier 2 Capital Instrument Trigger Event occurs, the Bank has the right to, without prior consent of the shareholders of the Domestic Preference Shares and as agreed, convert all the Domestic Preference Shares issued and outstanding to ordinary A-shares. Once Domestic Preference Shares are converted to ordinary A-shares, they shall not be converted back to preference shares under any circumstances. A Tier 2 Capital Instrument Trigger Event is the earlier of the following two scenarios: (i) the CBIRC having decided that without a conversion or write-off of the Bank's capital, the Bank would become non-viable; and (ii) the relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. When the compulsory conversion of preference shares occurs, the Bank shall report to the CBIRC for approval and decision, and perform the announcement obligation according to the regulations of the *Securities Law* and China Securities Regulatory Commission ("CSRC").

The Bank classifies preference shares issued as an equity instrument and presented as an equity item on the statement of financial position. Capital raised from the issuance of the above preference shares, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratios.

(Expressed in millions of RMB, unless otherwise stated)

43 Other equity instruments (continued)

(1) Preference shares (continued)

(c) Changes in preference shares outstanding

Financial instrument outstanding	1 January 2022 Amount (million shares)	1 January 2022 Carrying value	Increase/(Decrease) Amount (million shares)	Increase/(Decrease) Carrying value	30 June 2022 Amount (million shares)	30 June 2022 Carrying value
2017 Domestic Preference Shares	600	59,977	–	–	**600**	**59,977**
Total	600	59,977	–	–	**600**	**59,977**

(2) Perpetual bonds

(a) Perpetual bonds outstanding at the end of the reporting period

Financial instrument outstanding	Issuance date	Classification	Initial interest rate	Issuance price	Quantity (million pieces)	Currency	Total amount	Maturity date	Redemption/ write-down conditions
Undated Additional Tier 1 Capital Bonds	13 November 2019	Equity instruments	4.22%	100 per unit	400	RMB	40,000	No maturity date	None
Less: Issuance fee							(9)		
Carrying amount							39,991		

(b) Key terms

Distribution rate and distribution payment

The distribution rate of the Undated Additional Tier 1 Capital Bonds (or "the Bonds") will be adjusted at defined intervals, with a distribution rate adjustment period every 5 years since the payment settlement date. In any distribution rate adjusted period, the distribution payments on the Bonds will be made at a prescribed fixed distribution rate. The distribution rate is determined by a benchmark rate plus a fixed spread.

The Bank shall have the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the Bank will take into full consideration the interest of the holders of the Bonds. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. In the case of cancelling any distributions on the Bonds, no matter in whole or in part, the Bank shall not make any distribution to the ordinary shareholders from the next day following the resolution being approved by the general shareholders meeting, until its decision to resume the distribution payments in whole to the holders of the Bonds. The distributions on the Bonds are non-cumulative, namely, upon cancellation, any amount of distribution unpaid to the holders of the Bonds in the applicable period will not accumulate or compound to the subsequent distribution period thereafter.

The distributions of the Bonds will be payable annually.

Conditional redemption rights of the Bank

From the fifth anniversary since the issuance of the Bonds, the Bank may redeem whole or part of the Bonds on each distribution payment date (including the fifth distribution payment date since the issuance). If, after the issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the Bonds.

The exercise of the Bank's redemption right shall be subject to the consent of the CBIRC and the satisfaction of the following preconditions: (i)the Bank shall use capital instruments of the same or better quality to replace the instruments to be redeemed, and such replacement shall only be carried out at conditions which are sustainable for the income capacity; (ii)or the capital position of the Bank after the redemption right is exercised will remain well above the regulatory capital requirements stipulated by the CBIRC.

(Expressed in millions of RMB, unless otherwise stated)

43 Other equity instruments (continued)

(2) Perpetual bonds (continued)

(b) Key terms (continued)

Write-down/write-off clauses

Upon the occurrence of an Additional Tier 1 Capital Trigger Event, namely, the Bank's Core Tier 1 Capital Adequacy Ratio having fallen to 5.125% (or below), the Bank has the right, subject to the approval of the CBIRC but without the need for the consent of the holders of the Bonds, to write down whole or part of the aggregate amount of the Bonds then issued and outstanding, in order to restore the Core Tier 1 Capital Adequacy Ratio to above 5.125%. In the case of a partial write-down, all of the Bonds then issued and outstanding shall be written down on a pro rata basis, according to the outstanding amount, with all other Additional Tier 1 Capital instruments with equivalent write-down clauses of the Bank.

Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank has the right to write off in whole, without the need for the consent of the holders of the Bonds, the aggregate amount of the Bonds then issued and outstanding. A Tier 2 Capital Trigger Event refers to the earlier of the following events: (i)the CBIRC having decided that the Bank would become non-viable without a write-off; (ii)any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Bank would become non-viable. Upon write-off of the bonds, such bonds are to be permanently cancelled and will not be restored under any circumstances.

Subordination

The claims in respect of the Bonds will be subordinated to the claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bank classifies the Bonds issued as an equity instrument and presented as an equity item on the statement of financial position. Capital raised from the issuance of the Bonds, after deduction of the expenses relating to the issuance, was wholly used to replenish the Bank's additional tier 1 capital and to increase its capital adequacy ratios.

(c) Changes in perpetual bonds outstanding

	1 January 2022		Increase/(Decrease)		30 June 2022	
Financial instrument outstanding	**Amount (million pieces)**	**Carrying value**	**Amount (million pieces)**	**Carrying value**	**Amount (million pieces)**	**Carrying value**
Undated Additional Tier 1 Capital Bonds	400	39,991	–	–	**400**	**39,991**
Total	400	39,991	–	–	**400**	**39,991**

(3) Interests attributable to the holders of equity instruments

Items			30 June 2022	31 December 2021
1.	Total equity attributable to equity holders of the Bank		**2,659,227**	2,588,231
	(1)	Equity attributable to ordinary equity holders of the Bank	**2,559,259**	2,488,263
	(2)	Equity attributable to other equity holders of the Bank	**99,968**	99,968
		Of which: net profit	**–**	4,538
		dividends received	**–**	4,538
2.	Total equity attributable to non-controlling interests		**22,625**	25,891
	(1)	Equity attributable to non-controlling interests of ordinary shares	**22,625**	22,438
	(2)	Equity attributable to non-controlling interests of other equity instruments	**–**	3,453

44 Capital reserve

	30 June 2022	31 December 2021
Share premium	**134,925**	134,925

(Expressed in millions of RMB, unless otherwise stated)

45 Other comprehensive income

		Other comprehensive income of the statement of financial position			Other comprehensive income of the statement of comprehensive income — Six months ended 30 June 2022				
		1 January 2022	Net-of-tax amount attributable to equity shareholders of the Bank	30 June 2022	The amount before income taxes	Less: Reclassification adjustments included in profit or loss due to disposals	Less: Income taxes	Net-of-tax amount attributable to equity shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
(1)	Other comprehensive income that will not be reclassified to profit or loss								
	Remeasurements of post-employment benefit obligations	247	(130)	**117**	(130)	–	–	(130)	–
	Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	301	100	**401**	133	–	(33)	100	–
	Others	719	–	**719**	–	–	–	–	–
(2)	Other comprehensive income that may be reclassified subsequently to profit or loss								
	Fair value changes of debt instruments measured at fair value through other comprehensive income	28,605	(5,319)	**23,286**	(6,954)	(49)	1,770	(5,319)	86
	Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	3,695	1,273	**4,968**	1,697	–	(424)	1,273	–
	Net gain on cash flow hedges	20	161	**181**	161	–	–	161	–
	Exchange difference on translating foreign operations	(12,249)	4,273	**(7,976)**	4,264	–	–	4,273	(9)
Total		21,338	358	**21,696**	(829)	(49)	1,313	358	77

		Other comprehensive income of the statement of financial position			Other comprehensive income of the statement of comprehensive income — 2021				
		1 January 2021	Net-of-tax amount attributable to equity shareholders of the Bank	31 December 2021	The amount before income taxes	Less: Reclassification adjustments included in profit or loss due to disposals	Less: Income taxes	Net-of-tax amount attributable to equity shareholders of the Bank	Net-of-tax amount attributable to non-controlling interests
(1)	Other comprehensive income that will not be reclassified to profit or loss								
	Remeasurements of post-employment benefit obligations	272	(25)	247	(25)	–	–	(25)	–
	Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	764	(463)	301	(617)	–	154	(463)	–
	Others	604	115	719	115	–	–	115	–
(2)	Other comprehensive income that may be reclassified subsequently to profit or loss								
	Fair value changes of debt instruments measured at fair value through other comprehensive income	16,372	12,233	28,605	17,538	(564)	(4,454)	12,233	287
	Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	3,139	556	3,695	742	–	(186)	556	–
	Net (loss)/gain on cash flow hedges	(300)	320	20	320	–	–	320	–
	Exchange difference on translating foreign operations	(5,803)	(6,446)	(12,249)	(6,445)	–	–	(6,446)	1
Total		15,048	6,290	21,338	11,628	(564)	(4,486)	6,290	288

(Expressed in millions of RMB, unless otherwise stated)

46 Surplus reserve

Surplus reserves consist of statutory surplus reserve fund and discretionary surplus reserve fund.

The Bank is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the MOF on 15 February 2006. After making appropriations to the statutory surplus reserve fund, the Bank may also allocate its net profit to the discretionary surplus reserve fund upon approval by shareholders in Annual General Meetings.

47 General reserve

The general reserve of the Group is set up based upon the requirements of:

	Note	**30 June 2022**	31 December 2021
MOF	(1)	**372,509**	372,509
Hong Kong Banking Ordinance	(2)	**2,124**	2,124
Other regulatory bodies in the Chinese mainland	(3)	**9,789**	6,290
Other overseas regulatory bodies		**698**	698
Total		**385,120**	381,621

(1) Pursuant to relevant regulations issued by the MOF, the Bank has to appropriate a certain amount of its net profit as general reserve to cover potential losses against its assets. In accordance with the "Regulation on Management of Financial Institutions for Reserves" (Cai Jin [2012] No. 20) issued by the MOF on 30 March 2012, the general reserve balance for financial institutions should not be lower than 1.5% of the ending balance of gross risk-bearing assets.

(2) Pursuant to the requirements of the Hong Kong Banking Ordinance, the Group's banking operations in Hong Kong are required to set aside amounts in a regulatory reserve in respect of losses which it will, or may, incur on loans and advances to customers, in addition to impairment losses recognised in accordance with the accounting policies of the Group. Transfers to and from the regulatory reserve are made through retained earnings.

(3) Pursuant to the relevant regulatory requirements in the Chinese mainland, the Bank's subsidiaries are required to appropriate a certain amount of its net profit as general reserve.

48 Profit distribution

In the Annual General Meeting held on 23 June 2022, the shareholders approved the profit distribution for the year ended 31 December 2021. The Bank appropriated cash dividend for the year ended 31 December 2021 in an aggregate amount of RMB91,004 million.

49 Notes to the statement of cash flows

Cash and cash equivalents

	30 June 2022	31 December 2021	30 June 2021
Cash	**50,201**	48,613	47,210
Surplus deposit reserves with central banks	**470,718**	520,700	343,116
Demand deposits with banks and non-bank financial institutions	**60,738**	62,698	77,909
Time deposits with banks and non-bank financial institutions with original maturity with or within three months	**264,046**	58,458	251,305
Placements with banks and non-bank financial institutions with original maturity with or within three months	**191,775**	115,131	176,618
Total	**1,037,478**	805,600	896,158

50 Transferred financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognise the transferred assets.

Securities lending transactions

Counterparties are allowed to sell or repledge securities lent under securities lending agreements in the absence of any default by the Group, but at the same time, they have an obligation to return such securities upon the maturity of the securities lending agreements. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 30 June 2022, the carrying value of the Group's debt securities lent to counterparties was RMB8,555 million (as at 31 December 2021: RMB6,444 million).

Credit asset securitisation transactions

The Group enters into securitisation transactions in its normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may retain interests in the form of holding subordinated tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement, otherwise the financial assets are derecognised.

As at 30 June 2022, loans with an original carrying amount of RMB948,510 million (as at 31 December 2021: RMB963,501 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. As at 30 June 2022, the carrying amount of assets that the Group continued to recognise was RMB95,611 million (as at 31 December 2021: RMB100,036 million). As at 30 June 2022, the carrying amount of continuing involvement assets and liabilities that the Group continued to recognise was RMB95,611 million (as at 31 December 2021: RMB100,036 million).

With respect to credit asset securitizations that did not qualify for derecognition as a whole, the Group continued to recognise credit assets that had been transferred, and recorded the consideration received as a financial liability. As at 30 June 2022, the carrying amount of transferred credit assets that the Group had continued to recognise was RMB1,009 million (as at 31 December 2021: RMB8,262 million) and the carrying amount of their associated financial liabilities was RMB1,449 million (as at 31 December 2021: RMB9,191 million).

As at 30 June 2022, the carrying amount of asset-backed securities held in the securitisation transaction derecognised by the Group was RMB3,311 million (as at 31 December 2021: RMB3,548 million), and its maximum loss exposure approximates to the carrying amount.

51 Operating segments

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

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

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

51 Operating segments (continued)

(1) Geographical segments

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

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

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

– "Yangtze River Delta" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;

– "Pearl River Delta" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;

– "Bohai Rim" refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;

– the "Central" region refers to the following areas where the tier-1 branches and the subsidiary of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;

– the "Western" region refers to the following areas where the tier-1 branches of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and

– the "Northeastern" region refers to the following areas where the tier-1 branches of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

(Expressed in millions of RMB, unless otherwise stated)

51 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2022								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	38,356	34,888	20,426	42,425	34,199	1,859	138,271	6,916	317,340
Internal net interest income/ (expense)	16,556	14,338	25,433	17,708	16,540	11,650	(101,311)	(914)	–
Net interest income	54,912	49,226	45,859	60,133	50,739	13,509	36,960	6,002	317,340
Net fee and commission income	11,851	15,839	11,840	11,246	7,365	2,249	7,556	877	68,823
Net trading gain/(loss)	107	70	69	(34)	(56)	14	2,289	(46)	2,413
Dividend income	661	–	3,129	166	10	–	2	117	4,085
Net (loss)/gain arising from investment securities	(2,052)	(938)	(955)	(586)	(1,398)	(174)	2,897	(1,157)	(4,363)
Net gain on derecognition of financial assets measured at amortised cost	–	–	–	–	–	–	31	3	34
Other operating (expense)/income, net	(723)	178	1,046	59	757	13	(658)	1,357	2,029
Operating income	64,756	64,375	60,988	70,984	57,417	15,611	49,077	7,153	390,361
Operating expenses	(17,332)	(11,588)	(16,319)	(17,170)	(14,346)	(5,517)	(9,411)	(3,335)	(95,018)
Credit impairment losses	(14,431)	(12,630)	(19,295)	(15,959)	(14,886)	(7,211)	(15,867)	(3,015)	(103,294)
Other impairment losses	–	2	6	–	–	(18)	2	(73)	(81)
Share of profits/(losses) of associates and joint ventures	86	(23)	325	(23)	–	–	6	47	418
Profit before tax	33,079	40,136	25,705	37,832	28,185	2,865	23,807	777	192,386
Capital expenditure	565	308	2,198	595	515	148	243	3,264	7,836
Depreciation and amortisation	1,957	1,513	2,770	2,253	1,844	832	1,731	424	13,324
	30 June 2022								
Segment assets	5,838,270	4,729,398	7,487,493	5,127,614	4,617,394	1,636,747	12,191,391	1,582,032	43,210,339
Long-term equity investments	1,811	1,352	7,459	7,097	–	–	806	2,722	21,247
	5,840,081	4,730,750	7,494,952	5,134,711	4,617,394	1,636,747	12,192,197	1,584,754	43,231,586
Deferred tax assets									106,892
Elimination									(9,649,400)
Total assets									33,689,078
Segment liabilities	5,789,997	4,666,093	7,294,154	5,063,308	4,581,543	1,629,795	10,171,262	1,459,408	40,655,560
Deferred tax liabilities									1,066
Elimination									(9,649,400)
Total liabilities									31,007,226
Off-balance sheet credit commitments	639,249	631,069	659,374	702,607	481,576	157,851	–	275,059	3,546,785

(Expressed in millions of RMB, unless otherwise stated)

51 Operating segments (continued)

(1) Geographical segments (continued)

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

(Expressed in millions of RMB, unless otherwise stated)

51 Operating segments (continued)

(2) Business segments

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

Corporate banking

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

Personal banking

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

Treasury business

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

Others

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

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

(Expressed in millions of RMB, unless otherwise stated)

51 Operating segments (continued)

(2) Business segments (continued)

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

(Expressed in millions of RMB, unless otherwise stated)

52 Entrusted lending business

As at the end of the reporting period, the entrusted loans and funds were as follows:

	30 June 2022	31 December 2021
Entrusted loans	4,029,822	3,852,573
Entrusted funds	4,029,822	3,852,573

53 Pledged assets

(1) Assets pledged as securities

The Group's collaterals for liabilities or contingent liabilities include financial assets such as securities and bills, which mainly serve as collaterals for repurchase agreements, derivative contracts and local statutory requirements. As at 30 June 2022, the carrying values of the Group's financial assets pledged as collateral amounted to approximately RMB1,283,692 million (31 December 2021: RMB1,079,782 million).

(2) Collateral accepted as securities for assets

As part of the resale agreements, the Group has received securities that were allowed to sell or repledge in the absence of default by their owners. As at 30 June 2022, the Group did not hold any collateral for resale agreements which was permitted to sell or repledge in the absence of default for the transactions (31 December 2021: Nil).

54 Commitments and contingent liabilities

(1) Credit commitments

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

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

54 Commitments and contingent liabilities (continued)

(2) Credit risk-weighted amount

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

	30 June 2022	31 December 2021
Credit risk-weighted amount of contingent liabilities and commitments	**1,071,603**	1,118,908

(3) Capital commitments

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

(4) Underwriting obligations

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

(5) Government bond redemption obligations

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

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

(6) Outstanding litigations and disputes

As at 30 June 2022, the Group was the defendant in certain pending litigations and disputes with gross claims of RMB10,072 million (as at 31 December 2021: RMB8,765 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 39). The Group considers that the provisions made are reasonable and adequate.

(7) Provision against commitments and contingent liabilities

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

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

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

(Expressed in millions of RMB, unless otherwise stated)

55 Related party relationships and transactions

(1) Transactions with parent companies and their affiliates

The parent companies of the Group are CIC and Huijin.

As approved by the State Council, CIC was established on 29 September 2007 with registered capital of RMB1,550,000 million. As a wholly-owned subsidiary of CIC, Huijin exercises its rights and obligations as an investor on behalf of the PRC government in accordance with laws.

Huijin was incorporated on 16 December 2003 as a wholly-state-owned investment company. It was registered in Beijing with registered capital of RMB828,209 million. Its principal activities are equity investments as authorised by the State Council, without engaging in other commercial operations. As at 30 June 2022, Huijin directly held 57.11% of shares of the Bank.

The related companies under parent companies include the subsidiaries under parent companies and other associates and joint ventures.

The Group's transactions with parent companies and their affiliates mainly include deposit taking, entrusted asset management, operating leases, lending, purchase and sale of debt securities, money market transactions and inter-bank clearing. These transactions are priced based on market prices and conducted under normal commercial terms.

The Group has issued subordinated debts with a nominal value of RMB48,000 million (as at 31 December 2021: RMB46,000 million). These are bearer bonds and tradable in the secondary market. The Group has no information in respect of the amount of the bonds held by the affiliates of parent companies as at the end of the reporting period.

(a) Transactions with parent companies

In the ordinary course of the business, material transactions that the Group entered into with parent companies are as follows:

Amounts

	Six months ended 30 June			
	2022		2021	
	Amount	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income	**614**	**0.11%**	820	0.16%
Interest expense	**369**	**0.15%**	55	0.03%
Net trading gain	**1**	**0.04%**	1	0.03%

Balances outstanding as at the end of the reporting period

	30 June 2022		31 December 2021	
	Balance	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Financial investments				
Financial assets measured at fair value through profit or loss	**90**	**0.02%**	30	0.01%
Financial assets measured at amortised cost	**24,141**	**0.41%**	24,444	0.47%
Financial assets measured at fair value through other comprehensive income	**11,700**	**0.60%**	14,489	0.75%
Deposits from customers	**20,335**	**0.08%**	52,271	0.23%
Credit commitments	**288**	**0.01%**	288	0.01%

(Expressed in millions of RMB, unless otherwise stated)

55 Related party relationships and transactions (continued)

(1) Transactions with parent companies and their affiliates (continued)

(b) Transactions with the affiliates of parent companies

In the ordinary course of the business, material transactions that the Group entered into with the affiliates of parent companies are as follows:

Amounts

		Six months ended 30 June			
		2022		2021	
	Note	**Amount**	**Ratio to similar transactions**	Amount	Ratio to similar transactions
Interest income		**7,889**	**1.40%**	9,385	1.82%
Interest expense		**2,197**	**0.89%**	1,440	0.65%
Fee and commission income		**139**	**0.18%**	199	0.26%
Fee and commission expense		**11**	**0.13%**	57	0.70%
Net trading gain		**222**	**9.20%**	151	5.26%
Net gain arising from investment securities		**1,942**	**(44.51%)**	1,248	67.35%
Operating expenses	(i)	**472**	**0.50%**	434	0.49%

Balances outstanding as at the end of the reporting period

		30 June 2022		31 December 2021	
	Note	**Balance**	**Ratio to similar transactions**	Balance	Ratio to similar transactions
Deposits with banks and non-bank financial institutions		**25,678**	**7.33%**	25,124	16.20%
Placements with banks and non-bank financial institutions		**68,035**	**21.34%**	52,385	27.84%
Positive fair value of derivatives		**4,843**	**11.09%**	4,054	12.85%
Financial assets held under resale agreements		**46,500**	**4.16%**	72,244	13.16%
Loans and advances to customers		**92,662**	**0.47%**	82,059	0.45%
Financial investments					
Financial assets measured at fair value through profit or loss		**110,671**	**19.70%**	103,301	18.94%
Financial assets measured at amortised cost		**161,915**	**2.74%**	158,579	3.08%
Financial assets measured at fair value through other comprehensive income		**228,410**	**11.68%**	229,918	11.84%
Deposits from banks and non-bank financial institutions	(ii)	**148,960**	**5.41%**	105,969	5.48%
Placements from banks and non-bank financial institutions		**117,809**	**30.71%**	111,136	37.14%
Financial liabilities measured at fair value through profit or loss		**3**	**0.00%**	3	0.00%
Negative fair value of derivatives		**6,691**	**15.97%**	4,477	14.29%
Financial assets sold under repurchase agreements		**2,521**	**2.75%**	1,860	5.49%
Deposits from customers		**107,427**	**0.44%**	75,397	0.34%
Other liabilities		**8,557**	**1.33%**	9,366	1.70%
Credit commitments		**8,708**	**0.25%**	9,581	0.28%

(i) Operating expenses mainly represent fees for related services provided by parent companies and their affiliates.

(ii) Deposits from the affiliates of parent companies are unsecured and are repayable under normal commercial terms.

(Expressed in millions of RMB, unless otherwise stated)

55 Related party relationships and transactions (continued)

(2) Transactions with associates and joint ventures of the Group

Transactions between the Group and its associates and joint ventures are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions conducted between the Group and non-related companies outside the Group.

In the ordinary course of the business, material transactions that the Group entered into with associates and joint ventures are as follows:

Amounts

	Six months ended 30 June	
	2022	2021
Interest income	**221**	174
Interest expense	**48**	35
Fee and commission income	**36**	29
Operating expenses	**44**	51

Balances outstanding as at the end of the reporting period

	30 June 2022	31 December 2021
Loans and advances to customers	**12,465**	9,907
Other assets	**536**	1,168
Financial liabilities measured at fair value through profit or loss	**10**	9
Deposits from customers	**10,639**	6,940
Other liabilities	**623**	923
Credit commitments	**460**	322

(3) Transactions between the Bank and its subsidiaries

Transactions between the Bank and its subsidiaries are conducted in the normal and ordinary course of the business and under normal commercial terms as those transactions are conducted between the Group and non-related companies outside the Group. All the inter-group transactions and inter-group balances are eliminated when preparing the consolidated financial statements as mentioned in Note 2(3).

In the ordinary course of the business, material transactions that the Bank entered into with its subsidiaries are as follows:

Amounts

	Six months ended 30 June	
	2022	2021
Interest income	**947**	881
Interest expense	**327**	448
Fee and commission income	**2,478**	1,655
Fee and commission expense	**304**	373
Dividend income	**360**	273
Operating expenses	**4,575**	3,769
Other operating (expense)/income, net	**(120)**	12

(Expressed in millions of RMB, unless otherwise stated)

55 Related party relationships and transactions (continued)

(3) Transactions between the Bank and its subsidiaries (continued)

Balances outstanding as at the end of the reporting period

	30 June 2022	31 December 2021
Deposits with banks and non-bank financial institutions	**2,141**	2,728
Placements with banks and non-bank financial institutions	**125,425**	129,824
Positive fair value of derivatives	**760**	216
Financial assets held under resale agreements	**2,214**	–
Loans and advances to customers	**7,801**	8,244
Financial investments		
Financial assets measured at fair value through profit or loss	**1,348**	1,374
Financial assets measured at amortised cost	**1,094**	1,273
Financial assets measured at fair value through other comprehensive income	**22,006**	22,301
Other assets	**37,881**	37,792

	30 June 2022	31 December 2021
Deposits from banks and non-bank financial institutions	**37,649**	17,791
Placements from banks and non-bank financial institutions	**29,586**	32,988
Financial liabilities measured at fair value through profit or loss	**80**	–
Negative fair value of derivatives	**254**	156
Deposits from customers	**11,416**	12,328
Other liabilities	**6,891**	5,806

As at 30 June 2022, the total maximum guarantee limit of guarantee letters issued by the Bank with its subsidiaries as beneficiary was RMB6,289 million (as at 31 December 2021: RMB12,219 million).

As at 30 June 2022, the transactions between subsidiaries of the Group were mainly deposits with banks and non-bank financial institutions and deposits from customers, and the balances of the above transactions were RMB1,322 million and RMB1,215 million respectively (as at 31 December 2021, the transactions between subsidiaries of the Group were mainly debt securities issued and deposits with banks and non-bank financial institutions, and the balances of the above transactions were RMB693 million and RMB1,265 million respectively).

(4) Transactions with the Annuity Scheme and Plan Assets

Apart from the obligations for defined contributions to the Annuity Scheme and regular banking transactions, there were no other transactions between the Group and the Annuity Scheme for the six months ended 30 June 2022 and for the year ended 31 December 2021.

As at 30 June 2022, the fair value of the Group's supplementary retirement benefit plan assets managed by CCB Principal Asset Management and CCB Pension was RMB3,730 million (as at 31 December 2021: RMB3,828 million), management fees payable to CCB Principal Asset Management and CCB Pension were RMB6.65 million (as at 31 December 2021: RMB22.08 million).

(5) Key management personnel

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and senior executives. The Group enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2022 and for the year ended 31 December 2021, there were no material transactions and balances with key management personnel.

The Group had no material balances of loans, quasi-loans and other credit transactions to directors, supervisors and senior executives as at the end of the reporting period. Those loans, quasi-loans and other credit transactions to directors, supervisors and senior executives were conducted in the normal and ordinary course of the business and under normal commercial terms or on the same terms and conditions with those which are available to other employees, based on terms and conditions granted to third parties adjusted for risk reduction.

56 Risk management

The Group has exposure to the following risks:

- credit risk
- market risk
- liquidity risk
- operational risk
- insurance risk

This note presents information about the Group's exposures to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management.

Risk management framework

The Board performs risk management responsibilities pursuant to the Bank's Articles of Association and regulatory requirements. The Risk Management Committee under the Board is responsible for developing risk management strategies, supervising the implementation, and assessing the overall risk profile on a regular basis. The Board reviews the statements of risk appetite regularly and transmits risk appetite through policies. The Board of Supervisors supervises the construction of the comprehensive risk management system, as well as the performance of the Board and senior management in delivering comprehensive risk management responsibilities. Senior management is responsible for implementing risk strategies developed by the Board and organising the comprehensive risk management work across the Group.

Chief Risk Officer of the Bank assists the President with the corresponding risk management work within designated responsibilities. Risk Management Department is the leading management department responsible for the Group's comprehensive risk management, and its subordinate department, Market Risk Management Department takes the lead in market risk management. Credit Management Department is the leading management department responsible for the overall credit risk management and country risk management. Asset & Liability Management Department is the leading management department responsible for the management of liquidity risk and interest rate risk of banking book. Internal Control & Compliance Department is the leading management department responsible for operational risk and information technology risk management. Public Relations & Corporate Culture Department is in charge of reputational risk management. Strategy and Policy Coordination Department is the leading management department responsible for strategic risk management. Other specialised departments are responsible for other respective risks.

The Bank attached great importance to the risk management of subsidiaries, implemented management requirements of the parent bank through the corporate governance mechanism, continuously improved the quality and efficiency of the performance of the Board of Directors of the subsidiaries, and required the subsidiaries to focus on their main businesses, operate steadily, and establish a sound risk control system. It further highlighted the transmission of risk appetite at the Group level within the group risk management framework, and implemented refined and differentiated management of different types of subsidiaries. It strengthened the Group's consolidation and credit management to avoid lending beyond credit limits. It continued to promote the establishment of risk views of subsidiaries, and effectively improved the digital level of risk early warning and risk monitoring of subsidiaries. It strengthened overall planning and coordination and improved the long-term mechanism for risk management of the asset management business at the subsidiaries.

56 Risk management (continued)

(1) Credit risk

Credit risk management

Credit risk represents the financial loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the Group.

Credit business

The Risk Management Department takes the lead in the development and implementation of the credit risk measurement tools including customers rating and facilities grading. The Credit Management Department is responsible for establishing credit risk management policies and monitoring the quality of credit assets. The Special Assets Resolution Department is responsible for the special assets resolutions. The Credit Approval Department is responsible for the Group's comprehensive credit limits and credit approval of various credit businesses. While the Credit Management Department takes the lead, both the Credit Management Department and the Credit Approval Department will coordinate with the Corporate Banking Department, the Inclusive Finance Department, the Institutional Banking Department, the International Business Department, the Strategic Clients Department, the Housing Finance & Personal Lending Department, the Credit Card Center, and the Legal Affairs Department to implement the credit risk management policies and procedures.

With respect to the credit risk management of corporate and institutional business, the Group has accelerated the adjustment of its credit portfolio structure, enhanced post-lending monitoring, and refined the industry-specific guideline and policy baseline for credit approval. Management also fine-tuned the credit acceptance and exit policies, and optimised its economic capital and credit risk limit management. All these policies have been implemented to maintain the stability of asset quality. The Group manages credit risk throughout the entire credit process including pre-lending evaluations, credit approval and post-lending monitoring. The Group performs pre-lending evaluations by assessing the entity's credit ratings based on internal rating criteria and assessing the risk and rewards with respect to the proposed project. Credit approvals are granted by designated Credit Approval Officers. The Group continually carries out post-lending monitoring, particularly those related to targeted industries, geographical segments, products and clients. Any adverse events that may significantly affect a borrower's repayment ability are reported timely and measures are implemented to prevent and control risks.

With respect to the personal credit business, the Group relies on credit assessment of applicants as the basis for loan approval. Customer relationship managers are required to assess the income, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and recommendations to the loan-approval departments for consent. The Group pays great attention to post-lending monitoring of personal loans, focuses on borrowers' repayment ability, the status of collaterals and pledges and any changes to the value of collaterals and pledges. Once a loan becomes overdue, the Group starts the recovery process according to standard recovery procedures.

To mitigate risks, the Group requests the customers to provide collaterals and pledges or guarantees where appropriate. A refined management system and operating procedure for collaterals and pledges have been developed, and there is a guideline to specify the suitability of accepting specific types of collaterals and pledges. The values, structures and legal covenants of collaterals and pledges are regularly reviewed to ensure that they still serve their intended purposes and conform to market practices.

Treasury business

For risk management purposes, credit risk arising from debt securities and derivatives exposures is managed independently and information thereon is disclosed in Notes (1)(i) and (1)(j) below. The Group sets credit limits for treasury activities and monitors them regularly with reference to the fair values of the relevant financial instruments.

Measurement of expected credit losses (ECL)

(A) Segmentation of financial instruments

The Group adopts a "three-stage" model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses.

The key definition of the three stages are summarised below:

Stage 1: For financial instruments with no significant increase in credit risk after initial recognition, expected credit losses in the next 12 months are recognised.

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but with no objective evidence of impairment, lifetime expected credit losses are recognised.

Stage 3: For financial instruments with objective evidence of impairment on the balance sheet date, lifetime expected credit losses are recognised.

56 Risk management (continued)

(1) Credit risk (continued)

Measurement of expected credit losses (ECL) (continued)

(B) Significant increase in credit risk ("SICR")

The Group assesses at least quarterly whether the credit risk of a financial instrument has increased significantly since initial recognition. The Group compares the risk of default of financial instruments as at the balance sheet date with that as at the date of initial recognition for an individual financial instrument or a group of financial instruments with similar credit risk characteristics to determine whether the credit risk has increased significantly since initial recognition. The Group sufficiently considers all reasonable and supportable information in related assessments, including regulatory and business environment, internal and external credit rating of customer, customer repayment ability, customer operation capacity, contract terms of the loan, asset price, market interest rate, customer repayment behaviors, and forward-looking information.

The Group has set qualitative and quantitative criteria for assessing whether the credit risk of financial instruments has increased significantly since initial recognition. For example, the credit risk of corporate loans and advances whose internal credit ratings have fallen to level 15 and below, and of bond investments whose internal credit ratings have fallen by 2 and more levels, is regarded as having increased significantly.

Usually, the credit risk of loans overdue for more than 30 days is regarded as having increased significantly.

For borrowers who were eligible for temporary deferral in principal repayment and interest payment, deferred repayment and other credit support measures in the wake of COVID-19, the Group, by reference to guidelines by relevant regulators, did not consider such support measures as an automatic trigger of a significant increase in credit risk. The Group continued to make judgment based on substantive risk assessment and comprehensively considered the operation and repayment capacity of borrowers, as well as factors such as the impact of COVID-19 on these borrowers, to assess whether the credit risk of relevant financial instruments had increased significantly since initial recognition.

(C) Definition of default and credit-impaired assets

The Group considers a financial asset as having defaulted when it is credit-impaired. Generally, financial assets overdue for more than 90 days on contractual payment terms shall be considered as having credit-impaired.

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

- Significant financial difficulty of the borrower or issuer;
- Breach of contract terms, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons, making a concession to a borrower experiencing financial difficulty that the Group would not otherwise consider;
- It is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- Disappearance of an active market for financial assets because of financial difficulties;
- A financial asset purchased or originated by a large discount which reflects the fact of credit-impairment having occurred;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including adverse changes in the payment status of borrowers in the Group, an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the Group; and
- Other objective evidence indicating there is a credit impairment of the financial asset.

The Group's definition of default has been consistently applied to the estimates of PD, LGD and EAD during the ECL measurement.

56 Risk management (continued)

(1) Credit risk (continued)

Measurement of expected credit losses (ECL) (continued)

(D) Explanation of parameters, assumptions and estimation techniques

The ECL is recognised on either within a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether a financial instrument is considered to be credit-impaired. Expected credit losses are the discounted product of the weighted average of PD, LGD, and EAD under the optimistic, baseline and pessimistic scenarios, defined as follows:

PD refers to the likelihood of a borrower defaulting on its financial obligation in the future, after consideration of forward-looking information. Please refer to earlier disclosure in this note for the definition of default.

LGD refers to the Group's expected loss amount resulting from default as a proportion of total exposure, after consideration of forward-looking information.

EAD is the total amount of risk exposure on and off-balance sheet at the time of default. The exposure is determined by the repayment plan according to different types of products.

The discount rate used in the ECL measurement is the effective interest rate.

During the reporting period, based on changes in macroeconomic environment, the Group has updated forward-looking information used in the measurement of expected credit losses. Please refer to further disclosure in this note for forward-looking information which is incorporated in the measurement of expected credit losses.

The assumptions underlying the ECL measurement, such as the PDs for different maturities and how the collateral values change, are monitored and reviewed on a quarterly basis.

During the reporting period, the Group continued to optimize models and parameters used for the calculation of expected credit losses.

There have been no significant changes in estimation techniques and such assumptions made during the reporting period.

(E) Forward-looking information incorporated in the ECL

The assessment of SICR and the measurement of ECL both incorporate forward-looking information.

The Group has performed historical data analysis and identified the macroeconomic variables affecting expected credit losses, such as GDP, CPI, M2, PPI, RMB deposit reserve rate, London spot gold price, average exchange rate of US Dollar to RMB, sales price indices of second-hand residential buildings in 70 large and medium-sized cities, national real estate climate index, unemployment rate, and so on.

In the first half of 2022, the more complex and severe international environment and the recurred outbreak of COVID-19 cases across the nation have significantly increased the adverse impact. The Group referred to forecast results of international and domestic authoritative institutions and utilized internal experts to develop scenario assumptions specifically applicable to the measurement of expected credit losses.

The forecast GDP value for baseline scenario was set as the average value of forecasts released by authoritative international and domestic institutions, and the forecast 2022 GDP growth under the baseline scenario ranged from 4.0% to 5.0%. For other macroeconomic variables, the Group involved internal experts and used methods such as transmission models, economic principles, and expert judgment to calculate the predicted value of each variable under each scenario.

The Group constructs empirical models to derive the relationship between historical macroeconomic variables and PD and LGD, and calculates the PD and LGD values for a given future horizon using the forecasted macroeconomic variables.

The Group constructs empirical models to determine the weightings for optimistic, baseline and pessimistic scenarios. As at 30 June 2022 and 31 December 2021, the optimistic, baseline and pessimistic scenarios are of comparable weighting.

(F) Risk grouping

For expected credit loss provisions, the Group has divided exposures with shared risk characteristics into separate groups. When grouping corporate loans, the Group considered credit risk characteristics such as client type and the industry in which the client operates. When grouping personal loans, the Group considered credit risk characteristics such as internal risk pool, product type and client type. The Group obtained sufficient information to ensure it is statistically reliable.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(a) *Maximum credit risk exposure*

The following table presents the maximum exposure to credit risk as at the end of the reporting period without taking into consideration any collaterals and pledges held or other credit enhancements. In respect of the financial assets recognised in the statement of financial position, the maximum exposure to credit risk is represented by the carrying amount after deducting any impairment allowance.

	30 June 2022	31 December 2021
Deposits with central banks	2,782,413	2,715,279
Deposits with banks and non-bank financial institutions	350,259	155,107
Placements with banks and non-bank financial institutions	318,740	188,162
Positive fair value of derivatives	43,655	31,550
Financial assets held under resale agreements	1,118,427	549,078
Loans and advances to customers	19,694,042	18,170,492
Financial investments		
Financial assets measured at fair value through profit or loss	316,843	280,217
Financial assets measured at amortised cost	5,909,338	5,155,168
Financial assets measured at fair value through other comprehensive income	1,947,361	1,934,061
Other financial assets	370,332	295,753
Total	32,851,410	29,474,867
Off-balance sheet credit commitments	3,546,785	3,369,894
Maximum credit risk exposure	36,398,195	32,844,761

(b) *Loans and advances to customers analysed by credit quality*

Within overdue but not credit impaired loans and advances and credit impaired loans and advances, the portions covered and not covered by collateral held are as follows:

	30 June 2022		
	Overdue but not credit impaired loans and advances		**Credit impaired loans and advances**
	Corporate	**Personal**	**Corporate**
Portion covered	**2,503**	**24,034**	**79,171**
Portion not covered	**2,033**	**11,741**	**169,851**
Total	**4,536**	**35,775**	**249,022**

	31 December 2021		
	Overdue but not credit impaired loans and advances		Credit impaired loans and advances
	Corporate	Personal	Corporate
Portion covered	1,749	16,686	67,909
Portion not covered	1,445	9,649	166,480
Total	3,194	26,335	234,389

The above collateral includes land use rights, buildings and equipment, etc. The fair value of collateral was estimated by the Group with reference to the latest available external valuations adjusted after taking into account the current realisation experience as well as the market situation.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(c) Loans and advances to customers analysed by economic sector concentrations

	30 June 2022			31 December 2021		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Corporate loans and advances						
– Transportation, storage and postal services	**1,987,274**	**9.75%**	**603,185**	1,873,940	9.96%	577,486
– Leasing and commercial services	**1,973,265**	**9.68%**	**589,366**	1,784,905	9.49%	569,004
– Manufacturing	**1,782,074**	**8.74%**	**445,371**	1,553,851	8.26%	426,494
– Wholesale and retail trade	**1,101,632**	**5.40%**	**577,619**	961,353	5.11%	503,282
– Production and supply of electric power, heat, gas and water	**1,079,747**	**5.30%**	**206,401**	1,009,162	5.37%	200,015
– Real estate	**884,072**	**4.34%**	**458,205**	837,716	4.45%	426,456
– Water, environment and public utility management	**683,878**	**3.35%**	**275,633**	645,987	3.43%	263,172
– Construction	**541,888**	**2.66%**	**144,577**	454,623	2.42%	130,856
– Mining	**271,510**	**1.33%**	**15,788**	272,833	1.45%	16,953
– Agriculture, forestry, farming, fishing	**110,410**	**0.54%**	**26,500**	99,550	0.53%	23,380
– Education	**78,540**	**0.39%**	**18,856**	75,167	0.40%	17,994
– Public management, social securities and social organisation	**54,678**	**0.27%**	**517**	56,141	0.30%	421
– Others	**891,555**	**4.36%**	**274,532**	781,799	4.16%	247,202
Total corporate loans and advances	**11,440,523**	**56.11%**	**3,636,550**	10,407,027	55.33%	3,402,715
Personal loans and advances	**8,176,853**	**40.10%**	**6,819,990**	7,977,650	42.42%	6,704,601
Discounted bills	**723,162**	**3.55%**	**–**	379,469	2.02%	–
Accrued interest	**48,356**	**0.24%**	**–**	43,684	0.23%	–
Total loans and advances to customers	**20,388,894**	**100.00%**	**10,456,540**	18,807,830	100.00%	10,107,316

As at 30 June 2022 and 31 December 2021, no economic sector accounted for 10% or above of the Group's total balance of loans and advances to customers.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(d) Loans and advances to customers analysed by geographical sector concentrations

	30 June 2022			31 December 2021		
	Gross loan balance	**Percentage**	**Balance secured by collateral**	Gross loan balance	Percentage	Balance secured by collateral
Yangtze River Delta	**3,888,863**	**19.07%**	**2,213,685**	3,492,555	18.57%	2,094,035
Central	**3,748,540**	**18.39%**	**2,136,589**	3,460,768	18.40%	2,090,226
Bohai Rim	**3,417,895**	**16.76%**	**1,543,778**	3,158,558	16.79%	1,497,010
Pearl River Delta	**3,403,887**	**16.69%**	**2,158,765**	3,137,528	16.68%	2,096,561
Western	**3,312,493**	**16.25%**	**1,820,590**	3,070,704	16.33%	1,757,244
Northeastern	**869,233**	**4.26%**	**380,869**	805,241	4.28%	387,189
Head office	**914,660**	**4.49%**	**–**	900,573	4.79%	–
Overseas	**784,967**	**3.85%**	**202,264**	738,219	3.93%	185,051
Accrued interest	**48,356**	**0.24%**	**–**	43,684	0.23%	–
Gross loans and advances to customers	**20,388,894**	**100.00%**	**10,456,540**	18,807,830	100.00%	10,107,316

Details of Stage 3 loans and allowances for impairment losses in respect of geographical sectors as at the end of the reporting period are as follows:

	30 June 2022			
	Stage 3 Gross loan balance	**Allowances for impairment losses**		
		Stage 1	**Stage 2**	**Stage 3**
Central	**64,666**	**(63,637)**	**(35,609)**	**(39,445)**
Pearl River Delta	**50,873**	**(56,717)**	**(23,902)**	**(27,185)**
Bohai Rim	**44,563**	**(53,828)**	**(33,092)**	**(27,266)**
Western	**37,871**	**(57,474)**	**(38,928)**	**(23,252)**
Yangtze River Delta	**34,412**	**(69,793)**	**(31,299)**	**(20,957)**
Northeastern	**30,365**	**(13,417)**	**(16,928)**	**(21,007)**
Head office	**13,213**	**(15,586)**	**(3,845)**	**(11,372)**
Overseas	**9,546**	**(3,048)**	**(2,119)**	**(5,146)**
Total	**285,509**	**(333,500)**	**(185,722)**	**(175,630)**

	31 December 2021			
	Stage 3 Gross loans balance	Allowances for impairment losses		
		Stage 1	Stage 2	Stage 3
Central	70,428	(57,822)	(29,569)	(46,942)
Bohai Rim	41,805	(49,895)	(27,159)	(26,074)
Pearl River Delta	37,532	(54,458)	(22,989)	(21,850)
Western	36,527	(52,958)	(31,002)	(23,239)
Yangtze River Delta	32,286	(63,241)	(27,272)	(19,689)
Northeastern	30,672	(12,260)	(11,980)	(21,792)
Head office	12,046	(16,648)	(2,057)	(10,325)
Overseas	4,775	(2,925)	(2,437)	(2,755)
Total	266,071	(310,207)	(154,465)	(172,666)

The definitions of geographical segments are set out in Note 51(1). The above allowances for impairment losses do not include allowances for loans and advances measured at fair value through other comprehensive income.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(e) Loans and advances to customers analysed by type of collateral

	30 June 2022	31 December 2021
Unsecured loans	7,321,033	6,295,609
Guaranteed loans	2,562,965	2,361,221
Loans secured by property and other immovable assets	8,884,236	8,589,061
Other pledged loans	1,572,304	1,518,255
Accrued interest	48,356	43,684
Gross loans and advances to customers	20,388,894	18,807,830

(f) Restructured loans and advances to customers

Restructured loans and advances to customers are those loans and advances to customers for which the Group has modified the contract terms as a result of the deterioration in the borrower's financial position or of the borrower's inability to make payments when due. The proportion of the Group's restructured loans and advances to customers was not significant as at 30 June 2022 and 31 December 2021.

(g) Credit exposure

Loans and advances to customers

	30 June 2022			
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	19,408,837	109,247	–	19,518,084
Medium risk	–	533,659	–	533,659
High risk	–	–	285,509	285,509
Gross loans and advances	19,408,837	642,906	285,509	20,337,252
Allowances for impairment losses on loans and advances measured at amortised cost	(333,500)	(185,722)	(175,630)	(694,852)
Allowances for impairment losses on loans and advances measured at fair value through other comprehensive income	(1,782)	(349)	(1)	(2,132)

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(g) *Credit exposure (continued)*

Loans and advances to customers (continued)

	31 December 2021			
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	17,902,319	88,858	–	17,991,177
Medium risk	–	503,137	–	503,137
High risk	–	–	266,071	266,071
Gross loans and advances	17,902,319	591,995	266,071	18,760,385
Allowances for impairment losses on loans and advances measured at amortised cost	(310,207)	(154,465)	(172,666)	(637,338)
Allowances for impairment losses on loans and advances measured at fair value through other comprehensive income	(900)	(216)	–	(1,116)

The Group classifies asset risk characteristics according to the quality of assets. “Low risk” means that the borrower can fulfil the contract, and there are not enough reasons to suspect that the principal and interest of the loan cannot be repaid in full on time; “Medium risk” means that the borrower is currently able to repay the principal and interest of the loan, but there are some factors that may adversely affect the repayment; “High risk” means that the borrower has obvious problems in its repayment ability and loan principal and interest cannot be repaid in full by relying on normal business income. Even if the guarantee is enforced, losses may be incurred.

Off-balance sheet credit commitments

As at 30 June 2022 and 31 December 2021, the Group’s credit risk exposure for off-balance sheet credit commitments were primarily designated as Stage 1, with the credit risk grading of “Low Risk”.

Financial investments

	30 June 2022			
	Stage 1 12 months ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**7,754,135**	**–**	**–**	**7,754,135**
Medium risk	**16,850**	**4,316**	**–**	**21,166**
High risk	**–**	**–**	**18,915**	**18,915**
Total carrying amount excluding accrued interest	**7,770,985**	**4,316**	**18,915**	**7,794,216**
Allowance for impairment losses on financial assets measured at amortised cost	**(22,637)**	**(409)**	**(16,684)**	**(39,730)**
Allowance for impairment losses on financial assets measured at fair value through other comprehensive income	**(4,179)**	**(44)**	**(269)**	**(4,492)**

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(g) Credit exposure (continued)

Financial investments (continued)

	31 December 2021			
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	6,985,424	455	–	6,985,879
Medium risk	18,337	6,255	–	24,592
High risk	–	–	18,370	18,370
Total carrying amount excluding accrued interest	7,003,761	6,710	18,370	7,028,841
Allowance for impairment losses on financial assets measured at amortised cost	(17,737)	(1,427)	(15,064)	(34,228)
Allowance for impairment losses on financial assets measured at fair value through other comprehensive income	(3,640)	(101)	(70)	(3,811)

The Group classifies financial investment risk characteristics based on asset eligibility and internal rating changes. "Low risk" means that the issuer's initial internal rating is above the entry level, and there are no reasons to suspect that the financial investment is expected to default; "Medium risk" means that although the issuer's internal rating is reduced to a certain extent, but there are not enough reasons to suspect that the financial investment is expected to default; "High risk" means that there are obvious problems which may cause a default, or the financial investment indeed is defaulted.

Amounts due from banks and non-bank financial institutions

Amount due from banks and non-bank financial institutions includes deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements of which counterparties are banks and non-bank financial institutions.

	30 June 2022			
	Stage 1 12 months ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Low risk	**1,786,038**	**–**	**–**	**1,786,038**
Medium risk	**–**	**–**	**–**	**–**
High risk	**–**	**–**	**–**	**–**
Total carrying amount excluding accrued interest	**1,786,038**	**–**	**–**	**1,786,038**
Allowance for impairment losses	**(1,500)**	**–**	**–**	**(1,500)**

	31 December 2021			
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Low risk	874,539	16,250	–	890,789
Medium risk	–	–	–	–
High risk	–	–	–	–
Total carrying amount excluding accrued interest	874,539	16,250	–	890,789
Allowance for impairment losses	(564)	(67)	–	(631)

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(g) *Credit exposure (continued)*

Amounts due from banks and non-bank financial institutions (continued)

The Group classifies risk characteristics of amounts due from banks and non-bank financial institutions based on asset eligibility and internal rating changes. "Low risk" means that the issuer's initial internal rating is above the entry level, and there are no reasons to suspect that the amount due from banks and non-bank financial institutions is expected to default; "Medium risk" means that although the issuer's internal rating is reduced to a certain extent, but there are not enough reasons to suspect that the amount due from banks and non-bank financial institutions is expected to default; "High risk" means that there are obvious problems which may cause a default, or the amount due from banks and non-bank financial institutions indeed is defaulted.

(h) *Distribution of amounts due from banks and non-bank financial institutions in terms of credit quality is as follows:*

	30 June 2022	31 December 2021
Credit impaired	**–**	–
Allowances for impairment losses	**–**	–
Subtotal	**–**	–
Neither overdue nor impaired		
– grades A to AAA	**1,220,533**	634,609
– grades B to BBB	**1,392**	392
– unrated	**564,113**	255,788
Accrued interest	**2,888**	2,189
Total	**1,788,926**	892,978
Allowances for impairment losses	**(1,500)**	(631)
Subtotal	**1,787,426**	892,347
Total	**1,787,426**	892,347

Amounts neither overdue nor impaired are analysed above according to the Group's internal credit ratings. Unrated amounts due from banks and non-bank financial institutions include amounts due from a number of banks and non-bank financial institutions for which the Group has not assigned internal credit ratings.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(i) *Distribution of debt investments analysed by rating*

The Group adopts a credit rating approach to manage the credit risk of the debt investment portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies where the issuers of the debt investments are located. The carrying amounts of the debt investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	30 June 2022					
	Unrated	**AAA**	**AA**	**A**	**Lower than A**	**Total**
Credit impaired						
– Banks and non-bank financial institutions	**1,024**	**–**	**–**	**–**	**–**	**1,024**
– Enterprises	**15,982**	**–**	**100**	**–**	**2,438**	**18,520**
Total	**17,006**	**–**	**100**	**–**	**2,438**	**19,544**
Allowances for impairment losses						**(16,684)**
Subtotal						**2,860**
Neither overdue nor impaired						
– Government	**2,546,970**	**3,938,314**	**7,406**	**23,871**	**13,118**	**6,529,679**
– Central banks	**26,041**	**6,207**	**8,363**	**646**	**418**	**41,675**
– Policy banks	**733,492**	**6,836**	**3,232**	**22,710**	**–**	**766,270**
– Banks and non-bank financial institutions	**131,548**	**268,041**	**10,988**	**43,406**	**10,316**	**464,299**
– Enterprises	**22,910**	**320,309**	**25,652**	**18,836**	**4,098**	**391,805**
Total	**3,460,961**	**4,539,707**	**55,641**	**109,469**	**27,950**	**8,193,728**
Allowances for impairment losses						**(23,046)**
Subtotal						**8,170,682**
Total						**8,173,542**

	31 December 2021					
	Unrated	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions	534	–	–	–	–	534
– Enterprises	17,156	–	–	–	1,509	18,665
Total	17,690	–	–	–	1,509	19,199
Allowances for impairment losses						(15,064)
Subtotal						4,135
Neither overdue nor impaired						
– Government	2,330,911	3,390,874	8,590	26,489	15,806	5,772,670
– Central banks	27,890	4,060	9,504	1,146	506	43,106
– Policy banks	751,472	744	505	21,706	–	774,427
– Banks and non-bank financial institutions	121,422	226,826	9,969	41,379	10,854	410,450
– Enterprises	23,637	306,944	29,675	18,441	5,125	383,822
Total	3,255,332	3,929,448	58,243	109,161	32,291	7,384,475
Allowances for impairment losses						(19,164)
Subtotal						7,365,311
Total						7,369,446

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(1) Credit risk (continued)

(j) *Credit risk arising from the Group's derivative exposures*

The majority of the Group's derivative transactions with domestic customers are hedged back-to-back with overseas banks and non-bank financial institutions. The Group is exposed to credit risk in respect of both domestic customers and overseas banks and non-bank financial institutions. The Group manages this risk by monitoring this exposure on a regular basis.

(k) *Settlement risk*

The Group's activities may give rise to settlement risk at the time of the settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

(l) *Sensitivity analysis*

The ECL measurement results are sensitive to adjustments to models and parameters such as forward-looking empirical models, forecast values of macroeconomic variables, and stage designation results, as these models and parameters would have an impact on ECL.

(i) *Sensitivity analysis of segmentation*

A significant increase in credit risk since initial recognition will result in financial assets transferring from Stage 1 to Stage 2, and the loss allowance for those financial assets shall be measured at an amount equal to the lifetime expected credit losses. The following table presents the impact of ECL from the second year to the end of the lifetime for financial assets in Stage 2.

	30 June 2022		
	12 months expected credit losses of all performing financial assets	**Impact of lifetime**	**Current allowances for impairment losses**
Performing loans	**479,806**	**39,416**	**519,222**
Performing financial investments	**26,831**	**438**	**27,269**

	31 December 2021		
	12 months expected credit losses of all performing financial assets	Impact of lifetime	Current allowances for impairment losses
Performing loans	434,106	30,566	464,672
Performing financial investments	21,397	1,508	22,905

The above allowances for impairment losses of financial assets do not contain the allowances for loans and advances measured at fair value through other comprehensive income.

(ii) *Sensitivity analysis of macroeconomic variables*

The Group has carried out sensitivity analysis of GDP forecast. As at 30 June 2022, when GDP growth rate in the baseline scenario increased or decreased by 10%, the change in allowances for impairment losses of financial assets did not exceed 5% (As at 31 December 2021: did not exceed 5%).

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses. A trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Non-trading book records those financial instruments and commodities which are not included in the trading book.

The Group continues to improve market risk management system. The Market Risk Management Department is responsible for leading the establishment of market risk management policies and rules, developing the market risk measurement tools, monitoring and reporting the trading market risk and related daily work. The Asset and Liability Management Department (the "ALM") is responsible for managing non-trading interest rate risk, exchange rate risk and the size and structure of the assets and liabilities in response to structural market risk. The Financial Market Department manage the Bank's RMB and foreign currency investment portfolios, conducts proprietary and customer-driven transactions, as well as implementing market risk management policies and rules. The Audit Department is responsible for regularly performing independent audits of the reliability and effectiveness of the processes constituting the risk management system.

The Group's interest rate risk mainly comprises repricing risk and basis risk arising from the mismatch of term structure and pricing basis of assets and liabilities. The Group uses multiple tools such as repricing gap analysis, sensitivity analysis on net interest income, scenario analysis and stress testing, etc., to monitor the interest rate risk periodically.

The Group's foreign exchange exposures mainly comprise exposures from foreign currency portfolios within treasury proprietary investments in debt securities and money market placements, and currency exposures from its overseas business. The Group manages its foreign exchange exposures by spot foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives in the management of its own foreign currency asset and liability portfolios and structural positions.

The Group considers that the market risk arising from stock prices in respect of its investment portfolios is minimal.

The Group monitors market risk separately in respect of trading portfolios and non-trading portfolios. Trading portfolios include exchange rate and interest rate derivatives as well as trading securities. The historical simulation model for the Value-at-Risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolio. Net interest income sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major tools used by the Group to monitor the market risk of its overall businesses.

(a) VaR analysis

VaR is a technique which estimates the potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices over a specified time horizon and at a given level of confidence. The Risk Management Department calculates interest rates, foreign exchange rates and commodity prices VaR for the Bank's trading portfolio. By reference to historical movements in interest rates, foreign exchange rates and commodity prices, the Risk Management Department calculates VaR on a daily basis for the trading portfolio and monitors it regularly. VaR is calculated at a confidence level of 99% and with a holding period of one day.

A summary of the VaR of the Bank's trading portfolio as at the end of the reporting period and during the respective periods is as follows:

		Six months ended 30 June 2022			
	Note	**As at 30 June**	**Average**	**Maximum**	**Minimum**
VaR of trading portfolio		**135**	**137**	**181**	**100**
Of which:					
– Interest rate risk		**27**	**27**	**38**	**23**
– Foreign exchange risk	(i)	**128**	**134**	**171**	**103**
– Commodity risk		**10**	**4**	**24**	**–**

		Six months ended 30 June 2021			
	Note	As at 30 June	Average	Maximum	Minimum
VaR of trading portfolio		147	163	195	127
Of which:					
– Interest rate risk		63	64	89	41
– Foreign exchange risk	(i)	134	163	195	110
– Commodity risk		11	12	45	–

(i) The VaR in relation to bullion is included in the foreign exchange risk above.

56 Risk management (continued)

(2) Market risk (continued)

(a) VaR analysis (continued)

VaR for each risk factor is the independently derived largest potential loss for a specific holding period and at a given confidence level due to fluctuations solely in that risk factor. The individual VaRs do not add up to the total VaR as there is diversification effect due to correlation amongst the risk factors.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

– A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period;

– A 99 percent confidence level does not reflect losses that may occur beyond this level. Within the model used, there is 1 percent probability that losses could exceed the VaR;

– VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;

– The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature; and

– The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

(b) Net interest income sensitivity analysis

In monitoring interest rate risk on its overall non-derivative financial assets and liabilities, the Bank regularly measures its future net interest income sensitivity to an increase or decrease in market interest rates (assuming no asymmetrical movement in yield curves and a constant financial position). An incremental 100 basis points parallel fall or rise in all yield curves, other than that applicable to balances with central banks, would increase or decrease annualised net interest income of the Group by RMB79,546 million (as at 31 December 2021: RMB53,453 million). Had the impact of yield curves movement for demand deposits from customers been excluded, the annualised net interest income of the Group would decrease or increase by RMB63,836 million (as at 31 December 2021: RMB76,805 million).

The above interest rate sensitivity is for illustration purposes only and is assessed based on simplified assumptions. The figures here indicate estimated net interest income movements under various predicted yield curve scenarios and are subject to the Bank's current interest rate exposures. However, the possible risk management measures that can be undertaken by the interest risk management department or related business departments to mitigate interest rate risk have not been taken into account. In practice, the departments that manage the interest rate risk strive to reduce loss arising from the risk while increasing the net income. These figures are estimated on the assumption that the interest rates on various maturities will move within similar ranges, and therefore do not reflect the potential net interest income changes in the event that interest rates on some maturities may change and others remain unchanged. Moreover, the above estimations are based on other simplified assumptions, including that all positions will be held to maturity and rolled over upon maturity.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(2) Market risk (continued)

(c) *Interest rate risk*

Interest rate risk refers to the risk where the market interest rates, term structure and other factors may experience unfavourable fluctuations which impact the overall profitability and fair value resulting in losses to the Bank. The key determinants of the Group's interest rate risk arises from the mismatch between the maturity periods of the assets and liabilities, and inconsistent pricing basis, resulting in re-pricing risk and basis risk.

The ALM is responsible for regularly monitoring the interest rate risk positions and measuring the interest rate re-pricing gap. The main reason for measuring the interest rate re-pricing gap is to assist in analysing the impact of interest rate changes on net interest income.

The following tables indicate the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period.

		30 June 2022					
	Note	Non-interest-bearing	Within three months	Between three months and one year	Between one and five years	More than five years	Total
Assets							
Cash and deposits with central banks		119,485	2,709,041	4,088	–	–	2,832,614
Deposits and placements with banks and non-bank financial institutions		–	553,959	105,522	9,518	–	668,999
Financial assets held under resale agreements		–	1,117,635	792	–	–	1,118,427
Loans and advances to customers	(i)	36,474	5,681,530	13,410,884	310,958	254,196	19,694,042
Investments	(ii)	278,536	415,401	689,238	2,736,629	4,327,327	8,447,131
Others		927,865	–	–	–	–	927,865
Total assets		1,362,360	10,477,566	14,210,524	3,057,105	4,581,523	33,689,078
Liabilities							
Borrowings from central banks		–	270,483	505,964	699	–	777,146
Deposits and placements from banks and non-bank financial institutions		–	2,666,481	396,523	69,428	6,148	3,138,580
Financial liabilities measured at fair value through profit or loss		29,896	175,731	91,766	–	–	297,393
Financial assets sold under repurchase agreements		–	83,295	6,709	1,592	–	91,596
Deposits from customers		128,110	15,474,353	3,921,770	4,646,810	13,423	24,184,466
Debt securities issued		–	314,385	820,575	503,885	49,981	1,688,826
Others		829,219	–	–	–	–	829,219
Total liabilities		987,225	18,984,728	5,743,307	5,222,414	69,552	31,007,226
Asset-liability gap		375,135	(8,507,162)	8,467,217	(2,165,309)	4,511,971	2,681,852

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(2) Market risk (continued)

(c) Interest rate risk (continued)

		31 December 2021					
	Note	Non-interest-bearing	Within three months	Between three months and one year	Between one and five years	More than five years	Total
Assets							
Cash and deposits with central banks		92,764	2,671,128	–	–	–	2,763,892
Deposits and placements with banks and non-bank financial institutions		–	256,015	78,337	8,917	–	343,269
Financial assets held under resale agreements		–	547,951	1,127	–	–	549,078
Loans and advances to customers	(i)	33,714	9,380,447	8,164,164	317,673	274,494	18,170,492
Investments	(ii)	296,965	243,755	698,478	2,824,725	3,596,871	7,660,794
Others		766,454	–	–	–	–	766,454
Total assets		1,189,897	13,099,296	8,942,106	3,151,315	3,871,365	30,253,979
Liabilities							
Borrowings from central banks		–	147,144	536,593	1,296	–	685,033
Deposits and placements from banks and non-bank financial institutions		–	1,784,317	319,449	122,299	6,136	2,232,201
Financial liabilities measured at fair value through profit or loss		32,048	145,123	51,851	–	–	229,022
Financial assets sold under repurchase agreements		–	26,863	5,435	1,602	–	33,900
Deposits from customers		108,049	14,679,634	3,209,947	4,371,534	9,650	22,378,814
Debt securities issued		–	270,848	589,201	428,444	34,884	1,323,377
Others		757,510	–	–	–	–	757,510
Total liabilities		897,607	17,053,929	4,712,476	4,925,175	50,670	27,639,857
Asset-liability gap		292,290	(3,954,633)	4,229,630	(1,773,860)	3,820,695	2,614,122

(i) For loans and advances to customers, the "within three months" category includes overdue amounts (net of allowances for impairment losses) of RMB42,804 million as at 30 June 2022 (as at 31 December 2021: RMB26,372 million).

(ii) Investments include financial assets measured at fair value through profit or loss, financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and long-term equity investments, etc.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(2) Market risk (continued)

(d) Currency risk

The Group's foreign exchange exposures mainly comprise exposures that arise from the foreign currency proprietary investments of the treasury business and currency exposures originated by the Group's overseas businesses.

The Group manages currency risk by spot and forward foreign exchange transactions and by matching its foreign currency denominated assets with corresponding liabilities in the same currency, and also uses derivatives (principally foreign exchange swaps and cross currency swaps) in the management of its own foreign currency asset and liability portfolios and structural positions.

The Group actively manages foreign currency exposures by minimising foreign exchange risk by business lines. Therefore, the net exposure is not sensitive to exchange rate fluctuations and the potential impact on the pre-tax profits and other comprehensive income of the Group is not material.

The currency exposures of the Group's assets and liabilities as at the end of the reporting period are as follows:

		30 June 2022			
	Note	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,546,989	179,361	106,264	2,832,614
Deposits and placements with banks and non-bank financial institutions		457,139	179,615	32,245	668,999
Financial assets held under resale agreements		1,106,006	7,863	4,558	1,118,427
Loans and advances to customers		18,792,781	554,348	346,913	19,694,042
Investments	(i)	8,184,840	154,963	107,328	8,447,131
Others		757,716	45,082	125,067	927,865
Total assets		31,845,471	1,121,232	722,375	33,689,078
Liabilities					
Borrowings from central banks		747,725	16,344	13,077	777,146
Deposits and placements from banks and non-bank financial institutions		2,783,894	240,178	114,508	3,138,580
Financial liabilities measured at fair value through profit or loss		284,509	12,647	237	297,393
Financial assets sold under repurchase agreements		75,262	7,330	9,004	91,596
Deposits from customers		23,302,335	611,299	270,832	24,184,466
Debt securities issued		1,443,051	189,357	56,418	1,688,826
Others		800,447	183	28,589	829,219
Total liabilities		29,437,223	1,077,338	492,665	31,007,226
Long position		2,408,248	43,894	229,710	2,681,852
Net notional amount of derivatives		85,725	(12,344)	(68,610)	4,771
Credit commitments		3,064,223	349,935	132,627	3,546,785

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(2) Market risk (continued)

(d) Currency risk (continued)

	Note	31 December 2021			
		RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and deposits with central banks		2,555,029	109,836	99,027	2,763,892
Deposits and placements with banks and non-bank financial institutions		216,589	111,935	14,745	343,269
Financial assets held under resale agreements		543,266	1,227	4,585	549,078
Loans and advances to customers		17,311,609	500,076	358,807	18,170,492
Investments	(i)	7,405,981	151,148	103,665	7,660,794
Others		714,551	30,298	21,605	766,454
Total assets		28,747,025	904,520	602,434	30,253,979
Liabilities					
Borrowings from central banks		646,995	16,282	21,756	685,033
Deposits and placements from banks and non-bank financial institutions		1,939,907	185,500	106,794	2,232,201
Financial liabilities measured at fair value through profit or loss		215,898	12,928	196	229,022
Financial assets sold under repurchase agreements		19,402	7,620	6,878	33,900
Deposits from customers		21,600,365	505,290	273,159	22,378,814
Debt securities issued		1,065,825	182,542	75,010	1,323,377
Others		731,325	7,495	18,690	757,510
Total liabilities		26,219,717	917,657	502,483	27,639,857
Long position		2,527,308	(13,137)	99,951	2,614,122
Net notional amount of derivatives		15,573	(8,465)	8,320	15,428
Credit commitments		2,899,810	317,734	152,350	3,369,894

(i) Please refer to Note 56(2)(c)(ii) for the scope of investments.

(3) Liquidity risk

The Board assumes the ultimate responsibility for liquidity risk management and reviews and approves liquidity risk strategy and risk appetite. The senior management carries out liquidity risk strategy set by the Board and organises the implementation of liquidity risk management activities. The board of supervisors supervises and evaluates the performance of the Board and senior management in liquidity risk management. The ALM leads the Bank’s daily liquidity risk management and forms an implementation system together with business management departments and branches to perform various duties in liquidity risk management. The subsidiaries assume primary responsibility for their own liquidity risk management.

The Group adheres to a liquidity management strategy featuring prudence, decentralisation, coordination and diversification. Management’s objective for liquidity risk management is to establish and improve a liquidity management system that can fully identify, accurately measure, continuously monitor, and effectively control liquidity risk, effectively balance the return on funds and security of funds, and safeguard the steady operation across the Bank. In light of regulatory requirements, external macro environment, and the Bank’s business development, the Head Office formulates approaches for liquidity risk identification, measurement and monitoring, sets out risk limit management criteria, carries out daily liquidity management, periodically conducts stress testing at the group level, and reviews and assesses contingency plans.

The Group conducts quarterly liquidity risk stress testing in order to gauge its risk tolerance in unlikely extreme scenarios and other adverse scenarios. It has improved its liquidity risk stress testing methods in accordance with regulatory and internal management requirements. The key factors and events set by the stress testing as having an impact on liquidity risk include significant decline in the ability to liquidate current assets, significant loss of wholesale and retail deposits, reduction of the availability of wholesale and retail financing, reduction of financing duration and increase in financing cost, significant adverse changes in market liquidity conditions, and sudden suspension of the Bank’s payment and settlement system. The results of stress testing show that under different stress scenarios, the Group’s liquidity risk is under control.

The Group adopts liquidity indicator analysis, remaining maturity analysis and undiscounted cash flow analysis to measure the liquidity risk.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis

The following tables provide an analysis of the assets and liabilities of the Group based on the remaining periods to repayment as at the end of the reporting period.

	30 June 2022							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,310,682	516,831	–	1,013	4,088	–	–	2,832,614
Deposits and placements with banks and non-bank financial institutions	–	65,243	384,752	103,759	105,576	9,669	–	668,999
Financial assets held under resale agreements	–	–	1,115,010	2,625	792	–	–	1,118,427
Loans and advances to customers	120,321	909,366	500,613	947,639	4,281,394	4,899,606	8,035,103	19,694,042
Investments								
– Financial assets measured at fair value through profit or loss	227,031	20,931	14,762	23,634	43,830	52,912	178,678	561,778
– Financial assets measured at amortised cost	–	–	72,890	119,599	390,700	1,690,661	3,635,488	5,909,338
– Financial assets measured at fair value through other comprehensive income	7,407	–	60,769	91,802	244,770	1,017,971	532,049	1,954,768
– Long-term equity investments	21,247	–	–	–	–	–	–	21,247
Others	326,096	244,619	34,060	62,385	124,105	39,711	96,889	927,865
Total assets	3,012,784	1,756,990	2,182,856	1,352,456	5,195,255	7,710,530	12,478,207	33,689,078
Liabilities								
Borrowings from central banks	–	–	19,527	250,956	505,964	699	–	777,146
Deposits and placements from banks and non-bank financial institutions	–	2,221,467	230,192	189,184	405,890	83,085	8,762	3,138,580
Financial liabilities measured at fair value through profit or loss	–	18,306	80,501	106,504	92,082	–	–	297,393
Financial assets sold under repurchase agreements	–	–	80,532	2,763	6,709	1,592	–	91,596
Deposits from customers	–	12,308,167	1,626,134	1,260,448	4,160,006	4,814,744	14,967	24,184,466
Debt securities issued	–	–	134,582	150,783	831,869	521,611	49,981	1,688,826
Others	12,573	294,636	57,415	64,991	263,160	25,883	110,561	829,219
Total liabilities	12,573	14,842,576	2,228,883	2,025,629	6,265,680	5,447,614	184,271	31,007,226
Net gaps	3,000,211	(13,085,586)	(46,027)	(673,173)	(1,070,425)	2,262,916	12,293,936	2,681,852
Notional amount of derivatives								
– Interest rate contracts	–	–	124,396	156,884	241,722	199,582	15,706	738,290
– Exchange rate contracts	–	–	897,425	813,684	1,585,012	97,003	1,075	3,394,199
– Other contracts	–	–	55,034	36,216	96,338	1,028	–	188,616
Total	–	–	1,076,855	1,006,784	1,923,072	297,613	16,781	4,321,105

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis (continued)

	31 December 2021							
	Indefinite	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years	Total
Assets								
Cash and deposits with central banks	2,190,555	572,204	69	1,064	–	–	–	2,763,892
Deposits and placements with banks and non-bank financial institutions	–	71,254	126,971	48,862	79,639	16,393	150	343,269
Financial assets held under resale agreements	–	–	547,082	869	1,127	–	–	549,078
Loans and advances to customers	100,956	884,299	495,811	896,253	3,345,344	4,597,768	7,850,061	18,170,492
Investments								
– Financial assets measured at fair value through profit or loss	252,230	16,355	14,431	10,828	50,389	51,402	149,638	545,273
– Financial assets measured at amortised cost	–	–	26,800	53,163	385,756	1,780,089	2,909,360	5,155,168
– Financial assets measured at fair value through other comprehensive income	7,417	–	22,860	83,094	265,334	1,019,288	543,485	1,941,478
– Long-term equity investments	18,875	–	–	–	–	–	–	18,875
Others	311,675	162,621	25,337	53,925	78,227	34,991	99,678	766,454
Total assets	2,881,708	1,706,733	1,259,361	1,148,058	4,205,816	7,499,931	11,552,372	30,253,979
Liabilities								
Borrowings from central banks	–	–	104,511	42,633	536,593	1,296	–	685,033
Deposits and placements from banks and non-bank financial institutions	–	1,488,343	126,724	144,477	324,690	138,981	8,986	2,232,201
Financial liabilities measured at fair value through profit or loss	–	20,019	68,333	88,688	51,982	–	–	229,022
Financial assets sold under repurchase agreements	–	–	23,058	3,805	5,435	1,602	–	33,900
Deposits from customers	–	11,691,250	1,459,761	1,215,585	3,444,169	4,556,563	11,486	22,378,814
Debt securities issued	–	–	110,206	130,319	601,183	446,785	34,884	1,323,377
Others	12,783	228,641	77,728	60,820	243,161	22,375	112,002	757,510
Total liabilities	12,783	13,428,253	1,970,321	1,686,327	5,207,213	5,167,602	167,358	27,639,857
Net gaps	2,868,925	(11,721,520)	(710,960)	(538,269)	(1,001,397)	2,332,329	11,385,014	2,614,122
Notional amount of derivatives								
– Interest rate contracts	–	–	75,411	129,524	194,142	170,002	15,023	584,102
– Exchange rate contracts	–	–	956,826	859,569	1,254,797	111,214	1,161	3,183,567
– Other contracts	–	–	33,104	33,140	61,935	1,959	–	130,138
Total	–	–	1,065,341	1,022,233	1,510,874	283,175	16,184	3,897,807

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(3) Liquidity risk (continued)

(b) Contractual undiscounted cash flow

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and off-balance sheet credit commitments of the Group as at the end of the reporting period. The Group's expected cash flows on these instruments may vary significantly from this analysis.

	30 June 2022							
	Carrying amount	**Gross cash outflow**	**Repayable on demand**	**Within one month**	**Between one and three months**	**Between three months and one year**	**Between one and five years**	**More than five years**
Non-derivative financial liabilities								
Borrowings from central banks	**777,146**	**787,126**	**–**	**20,407**	**252,289**	**513,731**	**699**	**–**
Deposits and placements from banks and non-bank financial institutions	**3,138,580**	**3,153,014**	**2,221,467**	**230,489**	**189,913**	**413,332**	**88,134**	**9,679**
Financial liabilities measured at fair value through profit or loss	**297,393**	**297,398**	**18,306**	**80,502**	**106,505**	**92,085**	**–**	**–**
Financial assets sold under repurchase agreements	**91,596**	**91,680**	**–**	**80,566**	**2,769**	**6,741**	**1,604**	**–**
Deposits from customers	**24,184,466**	**25,001,662**	**12,309,941**	**1,647,689**	**1,306,723**	**4,424,229**	**5,295,482**	**17,598**
Debt securities issued	**1,688,826**	**1,780,339**	**–**	**136,253**	**154,043**	**850,759**	**580,870**	**58,414**
Other non-derivative financial liabilities	**517,633**	**521,812**	**85,165**	**47,761**	**50,409**	**222,346**	**14,287**	**101,844**
Total	**30,695,640**	**31,633,031**	**14,634,879**	**2,243,667**	**2,062,651**	**6,523,223**	**5,981,076**	**187,535**
Off-balance sheet loan commitments and credit card commitments (Note)		**1,583,974**	**1,176,517**	**4,054**	**6,663**	**70,191**	**155,622**	**170,927**
Guarantees, acceptances and other credit commitments (Note)		**1,962,811**	**2,100**	**83,223**	**196,595**	**613,476**	**885,191**	**182,226**

	31 December 2021							
	Carrying amount	Gross cash outflow	Repayable on demand	Within one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
Non-derivative financial liabilities								
Borrowings from central banks	685,033	697,170	–	104,685	42,789	548,400	1,296	–
Deposits and placements from banks and non-bank financial institutions	2,232,201	2,248,184	1,488,343	126,969	145,129	330,476	147,393	9,874
Financial liabilities measured at fair value through profit or loss	229,022	229,207	20,019	68,465	88,741	51,982	–	–
Financial assets sold under repurchase agreements	33,900	33,917	–	23,068	3,806	5,433	1,610	–
Deposits from customers	22,378,814	23,096,255	11,691,685	1,485,929	1,271,143	3,618,096	5,015,209	14,193
Debt securities issued	1,323,377	1,396,212	–	110,218	131,079	623,054	490,511	41,350
Other non-derivative financial liabilities	515,632	519,994	77,895	64,257	46,874	212,319	10,220	108,429
Total	27,397,979	28,220,939	13,277,942	1,983,591	1,729,561	5,389,760	5,666,239	173,846
Off-balance sheet loan commitments and credit card commitments (Note)		1,565,696	1,156,471	5,607	16,768	91,409	142,090	153,351
Guarantees, acceptances and other credit commitments (Note)		1,804,198	780	468,935	145,106	549,280	584,668	55,429

Note: The off-balance sheet loan commitments and credit card commitments may expire without being drawn upon. Guarantees, acceptances and other credit commitments do not represent the amounts to be paid.

56 Risk management (continued)

(4) Operational risk

Operational risk refers to the risks that resulted from flawed or erroneous internal processes, people and systems, or external events.

In the first half of 2022, the Group actively met the implementation requirements of Basel III, deepened operational risk management, improved the business continuity management system, strengthened employee behaviour management, and ensured the continuous operation of business. It optimised loss data management, enhanced the operational risk management system, and steadily implemented the standardised approach for operational risk under Basel III. It focused on the Bank's strategic development requirements, carried out a new round of business impact analysis, identified the appropriate scope of analysis, established and optimised analysis standards, assessed the level of business recovery objectively and prudently, and assisted in upgrading the refined management of business continuity. The Group also deepened employee behaviour management, optimised the grid management mechanism, strengthened model development, and improved the ability to detect defaults.

(5) Fair value of financial instruments

(a) Valuation process, technique and input

The Board is responsible for establishing a robust internal control policy of valuation, and takes the ultimate responsibility for the adequacy and effectiveness of internal control system. The Board of Supervisors takes charge of supervising the performance of the Board and senior management. According to the requirements of the Board and the Board of Supervisors, senior management is responsible for organising and implementing the internal control system over the valuation process to ensure the effectiveness of the internal control system of valuation.

The Group has established an independent valuation process for financial assets and financial liabilities. The relevant departments are responsible for performing valuation, verifying valuation model and accounting of valuation results.

For the six months ended 30 June 2022, there was no significant change in the valuation techniques or inputs used to determine fair value as compared to those used for the year ended 31 December 2021.

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

– Level 1: Fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: Fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

– Level 3: Fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value

(i) Fair value hierarchy

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	30 June 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Positive fair value of derivatives	–	43,640	15	43,655
Loans and advances to customers				
– Loans and advances to customers measured at fair value through profit or loss	–	3,286	–	3,286
– Loans and advances to customers measured at fair value through other comprehensive income	–	723,162	–	723,162
Financial assets measured at fair value through profit or loss				
Financial assets held for trading purposes				
– Debt securities	1,719	122,731	–	124,450
– Equity instruments and funds	395	919	–	1,314
Other financial assets measured at fair value through profit or loss				
– Credit investments	–	27,571	21,568	49,139
– Debt securities	138	141,651	1,465	143,254
– Funds and others	24,744	85,311	133,566	243,621
Financial assets measured at fair value through other comprehensive income				
– Debt securities	170,649	1,776,567	145	1,947,361
– Equity instruments designated as measured at fair value through other comprehensive income	1,986	–	5,421	7,407
Total	199,631	2,924,838	162,180	3,286,649
Liabilities				
Financial liabilities measured at fair value through profit or loss				
– Financial liabilities designated as measured at fair value through profit or loss	–	296,648	745	297,393
Negative fair value of derivatives	–	41,873	15	41,888
Total	–	338,521	760	339,281

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) Financial instruments measured at fair value (continued)

(i) Fair value hierarchy (continued)

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Positive fair value of derivatives	–	31,532	18	31,550
Loans and advances to customers				
– Loans and advances to customers measured at fair value through profit or loss	–	3,761	–	3,761
– Loans and advances to customers measured at fair value through other comprehensive income	–	379,469	–	379,469
Financial assets measured at fair value through profit or loss				
Financial assets held for trading purposes				
– Debt securities	1,175	122,682	–	123,857
– Equity instruments and funds	405	526	–	931
Other financial assets measured at fair value through profit or loss				
– Credit investments	–	3,688	15,925	19,613
– Debt securities	268	135,058	1,421	136,747
– Funds and others	16,167	98,053	149,905	264,125
Financial assets measured at fair value through other comprehensive income				
– Debt securities	160,941	1,772,856	264	1,934,061
– Equity instruments designated as measured at fair value through other comprehensive income	2,158	–	5,259	7,417
Total	181,114	2,547,625	172,792	2,901,531
Liabilities				
Financial liabilities measured at fair value through profit or loss				
– Financial liabilities designated as measured at fair value through profit or loss	–	228,346	676	229,022
Negative fair value of derivatives	–	31,305	18	31,323
Total	–	259,651	694	260,345

A majority of the financial assets classified as level 2 are RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd. A majority of the financial liabilities designated as measured at fair value through profit or loss classified as level 2 are the funds raised from structured deposits, the fair value of which are determined based on the income approach. The majority of derivatives are classified as level 2 and valued using the income approach. For the valuation of financial instruments classified as level 2, all significant inputs are observable market data.

The financial assets classified as level 3 are primarily the unlisted equity investments measured at fair value through profit or loss. These financial assets are valued using income approach and market approach, which incorporate the non-observable assumptions including discount rate and P/B ratio.

The Group upgraded certain financial instruments from Level 3 to Level 1 of the fair value hierarchy due to the fact that the valuation technique had changed or that certain previously unobservable significant inputs used in fair value measurements had now become observable.

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(5) Fair value of financial instruments (continued)

(c) *Financial instruments measured at fair value (continued)*

(ii) Movements of fair value of financial instruments in level 3 of the fair value hierarchy

The following table shows a reconciliation from the opening balances to the ending balances for fair value measurement in level 3 of the fair value hierarchy:

	Six months ended 30 June 2022									
		Other financial assets measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income					
	Positive fair value of derivatives	Credit investments	Debt securities	Funds and others	Debt securities	Equity instruments	Total assets	Financial liabilities designated as measured at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2022	18	15,925	1,421	149,905	264	5,259	172,792	(676)	(18)	(694)
Total gains or losses:										
In profit or loss	(3)	1,106	(1)	(2,304)	–	–	(1,202)	(329)	3	(326)
In other comprehensive income	–	–	–	–	(119)	15	(104)	–	–	–
Purchases	–	7,321	67	8,237	–	147	15,772	–	–	–
Sales, settlements and transfers out	–	(2,784)	(22)	(22,272)	–	–	(25,078)	260	–	260
As at 30 June 2022	15	21,568	1,465	133,566	145	5,421	162,180	(745)	(15)	(760)

	2021										
			Other financial assets measured at fair value through profit or loss			Financial assets measured at fair value through other comprehensive income					
	Positive fair value of derivatives	Other debt instruments designated as measured at fair value through profit or loss	Credit investments	Debt securities	Funds and others	Debt securities	Equity instruments	Total assets	Financial liabilities designated as measured at fair value through profit or loss	Negative fair value of derivatives	Total liabilities
As at 1 January 2021	37	17,833	13,181	57	137,259	430	4,687	173,484	(2,106)	(37)	(2,143)
Total gains or losses:											
In profit or loss	(17)	(31)	(982)	(7)	3,324	–	–	2,287	565	17	582
In other comprehensive income	–	–	–	–	–	(5)	(478)	(483)	–	–	–
Purchases	–	–	5,931	1,482	30,970	254	1,050	39,687	(569)	–	(569)
Sales and settlements	(2)	(17,802)	(2,205)	(111)	(21,648)	(415)	–	(42,183)	1,434	2	1,436
As at 31 December 2021	18	–	15,925	1,421	149,905	264	5,259	172,792	(676)	(18)	(694)

In level 3 of the fair value hierarchy, total gains or losses included in profit or loss for the period in the above table are presented in net trading gain and net gain arising from investment securities.

Gains or losses on level 3 financial assets and liabilities included in the statement of comprehensive income comprise:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Total gains/(losses)	346	(1,874)	(1,528)	(43)	(2,694)	(2,737)

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(5) Fair value of financial instruments (continued)

(d) *Financial instruments not measured at fair value*

(i) *Financial assets*

The Group's financial assets not measured at fair value mainly include cash and deposits with central banks, deposits and placements with banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers and financial assets measured at amortised cost.

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements

Deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate to the fair values.

Loans and advances to customers

Majority of the loans and advances to customers measured at amortised cost are repriced at least annually to the market rate. Accordingly, their carrying values approximate to the fair values.

Financial assets measured at amortised cost

The following table shows the carrying values and the fair values of financial assets measured at amortised cost as at 30 June 2022 and 31 December 2021 which are not presented in the statement of financial position at their fair values.

	30 June 2022					31 December 2021				
	Carrying value	**Fair value**	**Level 1**	**Level 2**	**Level 3**	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at amortised cost	**5,909,338**	**5,985,660**	**18,065**	**5,817,200**	**150,395**	5,155,168	5,249,531	23,479	5,070,927	155,125
Total	**5,909,338**	**5,985,660**	**18,065**	**5,817,200**	**150,395**	5,155,168	5,249,531	23,479	5,070,927	155,125

(ii) *Financial liabilities*

The Group's financial liabilities not measured at fair value mainly include borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued. As at 30 June 2022, the fair value of subordinated bonds and the eligible Tier 2 capital bonds was RMB477,480 million (As at 31 December 2021: RMB390,504 million) and the corresponding carrying value was RMB471,816 million (As at 31 December 2021: RMB381,288 million), and the carrying values of other financial liabilities approximated to their fair values as at the end of the reporting period. The Group uses observable inputs to measure the fair values of subordinated bonds and eligible Tier 2 capital bonds issued, and classified them as the level 2 of fair value hierarchy.

(6) Offsetting financial assets and financial liabilities

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Group are not offset in accordance with IFRSs.

As at 30 June 2022, the amounts of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

56 Risk management (continued)

(7) Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty in the resulting claim amount. The characteristic of an insurance contract inherently decides randomness and unpredictability of the underlying insurance risk. For insurance contracts where the theory of probability is applied to pricing and provisioning of insurance contract liabilities, the principal risk that the Group faces is that the actual claims and benefit payments exceed the carrying amount of the insurance contract liabilities.

The Group manages the uncertainty of insurance risk through its underwriting strategy and policies to diversify the underwriting risks, adequate reinsurance arrangements, and enhanced underwriting control and claim control.

The Group makes related assumptions for the insurance risks and recognises insurance contract liabilities accordingly. For long-term personal insurance contracts and short-term personal insurance contracts, insurance risk may be elevated by the uncertainty of insurance risk assumptions including assumptions on death events, relevant expenses, and interest rates. For property and casualty insurance contracts, claims are often affected by natural disasters, catastrophes, terrorist attacks and other factors. In addition, the insurance risk will be affected by the policy termination, premium reduction or policyholders' refusal of payment, that is, the insurance risk will be affected by the policyholder's behaviour and decision.

(8) Capital management

The Bank has implemented comprehensive capital management, covering capital management policy design, capital projecting and planning, capital calculation, internal capital assessment, capital allocation, capital motivation, restriction and conduction, capital raising, monitoring and reporting, and applications of advanced approach of capital calculation on the management of the ordinary course of the business. General principles of capital management of the Bank is to continuously retain an adequate capital level, retain a certain margin of safety and a certain level of buffer based on that all regulatory requirements have been complied, and ensure that the capital can cover all kinds of risks adequately; exercise reasonable and effective capital allocation and strengthen capital restraint and incentive mechanism to support the strategic planning effectively and to restrict and conduct the business so as to increase the capital efficiency and return level continuously; tamp capital strength, and retain relatively high capital quality by achieving capital supplement with priority to the internal accumulation and utilising various capital instruments reasonably to optimise capital structure; continuously develop the advanced approach of capital management on the applications in the business management such as credit policies, credit approval and pricing.

Capital adequacy ratio is a reflection of the Group's ability to maintain a stable operation and resist adverse risks. In accordance with the CBRC's Capital Rules for Commercial Banks (Provisional) and relevant regulations, commercial banks should meet the minimum capital requirements from 1 January 2013. The Common Equity Tier 1 ratio should be at or above a minimum of 5%, Tier 1 ratio at or above a minimum of 6% and the total capital ratio at or above a minimum of 8%. Besides, capital conservation buffer requirements and additional buffer requirements of Global and Domestic Systemically Important Banks should also be met. If a countercyclical buffer is required or the Pillar 2 capital requirement is raised by the regulator to a specific commercial bank, the minimum requirements should be met within the transitional period.

The Group timely monitors, analyses and reports capital adequacy ratios, assesses if the capital management objectives have been met and exercises effective management of capital adequacy ratio. The Group adopts various measures such as controlling asset growth, adjusting the structure of risk assets, increasing internal capital supply and raising capital through external channels, to ensure that the Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio of the Group are in full compliance with regulatory requirements and meet internal management requirements. This helps to insulate against potential risks as well as support healthy business developments. The Group now fully complies with all regulatory requirements in this respect.

The Group's capital planning has taken the regulatory requirements, the Group's development strategy and risk appetite into consideration, and based on those factors the Group projects the capital usage and need.

The capital raising management of the Group involves reasonable utilisation of various capital instruments to ensure that both external regulatory and internal capital management objectives are met, taking into account capital planning and operating environment. This helps to optimise the Group's capital structure.

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

(Expressed in millions of RMB, unless otherwise stated)

56 Risk management (continued)

(8) Capital management (continued)

The Group's capital adequacy ratio calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the CBRC as at the end of the reporting period are as follows:

	Note	30 June 2022	31 December 2021
Common Equity Tier 1 ratio	(a)(b)(c)	**13.40%**	13.59%
Tier 1 ratio	(a)(b)(c)	**13.93%**	14.14%
Total capital ratio	(a)(b)(c)	**17.95%**	17.85%
Common Equity Tier 1 capital			
– Qualifying common share capital		**250,011**	250,011
– Capital reserve		**134,237**	134,237
– Surplus reserve		**305,571**	305,571
– General reserve		**384,780**	381,282
– Retained earnings		**1,460,296**	1,392,515
– Non-controlling interest recognised in Common Equity Tier 1 capital		**4,040**	4,027
– Others	(d)	**22,466**	21,934
Deductions for Common Equity Tier 1 capital			
– Goodwill	(e)	**2,015**	1,947
– Other intangible assets (excluding land use rights)	(e)	**4,829**	5,137
– Cash flow hedge reserves that relate to the hedging of items that are not fair valued on the balance sheet		**(165)**	61
– Investments in common equity of financial institutions being controlled but outside the scope of consolidation		**6,970**	6,970
Additional Tier 1 capital			
– Other directly issued qualifying additional Tier 1 instruments including related premium		**99,968**	99,968
– Non-controlling interest recognised in Additional Tier 1 capital		**102**	98
Tier 2 capital			
– Directly issued qualifying Tier 2 instruments including related premium		**411,975**	353,341
– Provisions in Tier 2	(f)	**353,317**	323,254
– Non-controlling interest recognised in Tier 2 capital		**166**	159
Common Equity Tier 1 capital after regulatory adjustments	(g)	**2,547,752**	2,475,462
Tier 1 capital after regulatory adjustments	(g)	**2,647,822**	2,575,528
Total capital after regulatory adjustments	(g)	**3,413,280**	3,252,282
Risk-weighted assets	(h)	**19,010,888**	18,215,893

Notes:

(a) From the first half year of 2014, the Group has adopted the advanced approach to calculate capital adequacy ratio and implemented the parallel period rules.

(b) The Common Equity Tier 1 ratio is calculated by dividing the Common Equity Tier 1 Capital after deduction by risk-weighted assets. Tier 1 ratio is calculated by dividing the Tier 1 Capital after deduction by risk-weighted assets. Total capital ratio is calculated by dividing the total capital after deduction by risk-weighted assets.

(c) The scope for calculating capital adequacy ratio of the Group includes all the domestic branches and subsidiaries in the financial sector (insurance companies excluded).

(d) Others include other comprehensive income (including foreign exchange reserve).

(e) Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.

(f) From the first half year of 2014, eligible excessive loan provisions were measured based on the advanced approach and implemented parallel period rules.

(g) Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the total capital.

(h) According to the rules of advanced approach, risk-weighted assets include credit risk-weighted assets, market risk-weighted assets, operational risk-weighted assets and excess risk-weighted assets due to the application of capital floor.

(Expressed in millions of RMB, unless otherwise stated)

57 Statement of financial position and statement of changes in equity of the Bank

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets:		
Cash and deposits with central banks	2,818,647	2,743,731
Deposits with banks and non-bank financial institutions	302,463	95,720
Precious metals	183,036	121,493
Placements with banks and non-bank financial institutions	426,745	292,067
Positive fair value of derivatives	41,370	30,643
Financial assets held under resale agreements	1,110,105	535,423
Loans and advances to customers	19,236,256	17,707,822
Financial investments		
Financial assets measured at fair value through profit or loss	248,885	238,283
Financial assets measured at amortised cost	5,807,948	5,061,712
Financial assets measured at fair value through other comprehensive income	1,865,755	1,845,569
Long-term equity investments	86,698	86,692
Investments in consolidated structured entities	21,085	48,731
Fixed assets	127,927	133,646
Land use rights	12,530	12,779
Intangible assets	4,457	4,734
Deferred tax assets	103,924	89,943
Other assets	388,831	313,943
Total assets	32,786,662	29,362,931
Liabilities:		
Borrowings from central banks	777,137	685,033
Deposits from banks and non-bank financial institutions	2,754,662	1,920,596
Placements from banks and non-bank financial institutions	283,920	208,348
Financial liabilities measured at fair value through profit or loss	296,446	228,034
Negative fair value of derivatives	39,781	30,170
Financial assets sold under repurchase agreements	55,641	5,477
Deposits from customers	23,885,768	22,067,148
Accrued staff costs	33,831	35,588
Taxes payable	54,182	84,089
Provisions	44,832	43,527
Debt securities issued	1,608,325	1,242,931
Deferred tax liabilities	5	39
Other liabilities	349,003	274,572
Total liabilities	30,183,533	26,825,552

(Expressed in millions of RMB, unless otherwise stated)

57 Statement of financial position and statement of changes in equity of the Bank (continued)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Equity:		
Share capital	**250,011**	250,011
Other equity instruments		
Preference Shares	**59,977**	59,977
Perpetual Bonds	**39,991**	39,991
Capital reserve	**134,835**	134,835
Other comprehensive income	**29,212**	30,901
Surplus reserve	**305,571**	305,571
General reserve	**373,381**	373,381
Retained earnings	**1,410,151**	1,342,712
Total equity	**2,603,129**	2,537,379
Total liabilities and equity	**32,786,662**	29,362,931

Approved and authorised for issue by the Board of Directors on 30 August 2022.

Zhang Jinliang	**Kenneth Patrick Chung**	**Graeme Wheeler**
Vice Chairman, executive director and president	*Independent non-executive director*	*Independent non-executive director*

(Expressed in millions of RMB, unless otherwise stated)

57 Statement of financial position and statement of changes in equity of the Bank (continued)

	(Unaudited)								
		Other equity instruments							
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2022	**250,011**	**59,977**	**39,991**	**134,835**	**30,901**	**305,571**	**373,381**	**1,342,712**	**2,537,379**
Movements during the period	**–**	**–**	**–**	**–**	**(1,689)**	**–**	**–**	**67,439**	**65,750**
(1) Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(1,689)**	**–**	**–**	**158,443**	**156,754**
(2) Profit distribution									
i Dividends to ordinary shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(91,004)**	**(91,004)**
As at 30 June 2022	**250,011**	**59,977**	**39,991**	**134,835**	**29,212**	**305,571**	**373,381**	**1,410,151**	**2,603,129**

	(Unaudited)								
		Other equity instruments							
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2021	250,011	59,977	39,991	134,835	21,759	275,995	342,174	1,193,773	2,318,515
Movements during the period	–	–	–	–	1,168	–	5	68,784	69,957
(1) Total comprehensive income for the period	–	–	–	–	1,168	–	–	150,293	151,461
(2) Profit distribution									
i Appropriation to general reserve	–	–	–	–	–	–	5	(5)	–
ii Dividends paid to ordinary shareholders	–	–	–	–	–	–	–	(81,504)	(81,504)
As at 30 June 2021	250,011	59,977	39,991	134,835	22,927	275,995	342,179	1,262,557	2,388,472

(Expressed in millions of RMB, unless otherwise stated)

57 Statement of financial position and statement of changes in equity of the Bank (continued)

	(Audited)								
		Other equity instruments							
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2021	250,011	59,977	39,991	134,835	21,759	275,995	342,174	1,193,773	2,318,515
Movements during the year	–	–	–	–	9,142	29,576	31,207	148,939	218,864
(1) Total comprehensive income for the year	–	–	–	–	9,142	–	–	295,764	304,906
(2) Profit distribution									
i Appropriation to surplus reserve	–	–	–	–	–	29,576	–	(29,576)	–
ii Appropriation to general reserve	–	–	–	–	–	–	31,207	(31,207)	–
iii Dividends to ordinary shareholders	–	–	–	–	–	–	–	(81,504)	(81,504)
iv Dividends to other equity instrument holders	–	–	–	–	–	–	–	(4,538)	(4,538)
As at 31 December 2021	250,011	59,977	39,991	134,835	30,901	305,571	373,381	1,342,712	2,537,379

58 Events after the reporting period

Upon approval by the 2021 second Extraordinary General Meeting of the Bank and approval by the CBIRC, the Bank is permitted to issue Undated Additional Tier 1 Capital Bonds. Recently, the related matters are still in progress.

59 Comparative figures

Certain comparative figures have been adjusted to confirm with the presentation and disclosures in the current period.

60 Ultimate parent

As stated in Note 1, the immediate and ultimate parents of the Group are Huijin and CIC, respectively.

(Expressed in millions of RMB, unless otherwise stated)

61 Possible impact of amendments, new standards and interpretations issued but not yet effective

Up to the date of issue of the financial statements, the IASB has issued the following amendments, new standards and interpretations which are relevant to the Group. These amendments, new standards and interpretations are not yet effective for the period ended 30 June 2022 and have not been adopted in the financial statements.

	Standards	Effective for annual periods beginning on or after
(1)	Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	No earlier than 1 January 2024
(2)	IFRS 17 *Insurance Contracts*	1 January 2023
(3)	Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
(4)	Amendments to IAS 8 *Definition of Accounting Estimates*	1 January 2023
(5)	Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
(6)	Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Effective date has been deferred indefinitely

Except for IFRS 17, the Group anticipates that the adoption of the new standards and amendments will not have a significant impact on the Group's consolidated financial statements.

(1) Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

(2) IFRS 17 *Insurance Contracts*

IFRS 17 was issued in May 2017 as replacement for IFRS 4 *Insurance Contracts*. It requires a current measurement model where estimates are re-measured during each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the "variable fee approach" for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

61 Possible impact of amendments, new standards and interpretations issued but not yet effective (continued)

(2) IFRS 17 *Insurance Contracts* (continued)

Amendments to IFRS 17 were issued in June 2020.

The Group is currently assessing the impact of IFRS 17 upon initial application.

(3) Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*

The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement 2 to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

(4) Amendments to IAS 8 *Definition of Accounting Estimates*

Amendments to IAS 8, introduces a new definition of 'accounting estimates'. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

(5) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to IAS 12 introduce an exception to the initial recognition exemption in IAS 12 for deferred tax assets and deferred tax liabilities, and clarify the accounting treatment method of deferred income tax for right-of-use assets and lease liabilities, and decommissioning obligations.

(6) Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The narrow-scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* clarify the accounting treatment for sale or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 *Business Combinations*).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

The following information of the Group does not form part of the reviewed financial statements, and is included herein for information purposes only.

1 Difference between the financial statements prepared under IFRS and those prepared in accordance with PRC GAAP

China Construction Bank Corporation (the "Bank") prepares consolidated financial statements, which include the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with International Financial Reporting Standards and its interpretations ("IFRS") promulgated by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed on the Shanghai Stock Exchange, the Group also prepares its consolidated financial statements for the six months ended 30 June 2022 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP and regulations").

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

2 Liquidity coverage ratio and net stable funding ratio

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

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

S/N	(In millions of RMB, except percentages)	**Total Unweighted Value**	**Total Weighted Value**
High-Quality Liquid Assets			
1	Total High-Quality Liquid Assets (HQLA)		4,942,560
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	11,543,999	1,027,145
3	Stable deposits	2,545,031	127,248
4	Less stable deposits	8,998,968	899,897
5	Unsecured wholesale funding, of which:	11,334,158	3,735,926
6	Operational deposits (excluding those generated from correspondent banking activates)	7,410,500	1,840,999
7	Non-operational deposits (all counterparties)	3,777,140	1,748,409
8	Unsecured debt	146,518	146,518
9	Secured funding		1,747
10	Additional requirements, of which:	1,960,235	229,753
11	Outflows related to derivative exposures and other collateral requirements	47,280	47,280
12	Outflows related to loss of funding on secured debt products	5,030	5,030
13	Credit and liquidity facilities	1,907,925	177,443
14	Other contractual funding obligations	315	–
15	Other contingent funding obligations	3,302,882	531,958
16	**Total Cash Outflows**		5,526,529
Cash Inflows			
17	Secured lending (including reverse repos and securities borrowing)	781,552	780,696
18	Inflow from fully performing exposures	1,834,714	1,133,032
19	Other cash inflows	52,147	47,216
20	**Total Cash Inflows**	2,668,413	1,960,944
			Total Adjusted Value
21	**Total HQLA**		4,942,560
22	**Total Net Cash Outflows**		3,565,585
23	**Liquidity Coverage Ratio (%)**[1]		138.78

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

(Expressed in millions of RMB unless otherwise stated)

2 Liquidity coverage ratio and net stable funding ratio (continued)

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

No.	(In RMB millions, except percentages)	The Second Quarter of 2022					The First Quarter of 2022				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	ASF Item										
1	Capital:	–	–	–	3,073,190	3,073,190	–	–	–	3,026,480	3,026,480
2	Regulatory capital	–	–	–	3,073,190	3,073,190	–	–	–	3,026,480	3,026,480
3	Other capital instruments	–	–	–	–	–	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,308,485	6,165,805	418,144	861,118	12,601,208	6,180,555	6,148,858	463,124	790,006	12,438,751
5	Stable deposits	2,715,169	14,836	7,990	8,155	2,609,251	2,684,396	17,710	7,144	7,738	2,581,525
6	Less stable deposits	3,593,316	6,150,969	410,154	852,963	9,991,957	3,496,159	6,131,148	455,980	782,268	9,857,226
7	Wholesale funding:	8,162,786	5,673,096	1,433,584	455,910	7,220,942	7,357,956	5,337,399	1,427,510	410,281	6,722,647
8	Operational deposits	7,956,617	87,512	39,383	925	4,042,682	7,164,444	30,979	37,516	832	3,617,302
9	Other wholesale funding	206,169	5,585,584	1,394,201	454,985	3,178,260	193,512	5,306,420	1,389,994	409,449	3,105,345
10	Liabilities with matching interdependent assets	–	–	–	–	–	–	–	–	–	–
11	Other liabilities:	–	715,363	100,288	328,105	330,888	–	579,890	83,978	206,216	208,971
12	NSFR derivative liabilities				47,361					39,234	
13	All other liabilities and equity not included in the above categories	–	715,363	100,288	280,744	330,888	–	579,890	83,978	166,982	208,971
14	**Total ASF**					23,226,228					22,396,849
	RSF Item										
15	Total NSFR high-quality liquid assets (HQLA)					1,957,365					1,800,962
16	Deposits held at other financial institutions for operational purposes	37,238	93,301	10,820	5,412	76,320	41,560	66,468	7,570	8,397	66,410
17	Performing loans and securities:	928,547	4,698,606	2,997,665	13,767,027	15,374,040	930,768	3,955,097	2,498,678	13,724,833	14,952,392
18	Performing loans to financial institutions secured by Level 1 HQLA	–	971,165	–	–	145,675	–	560,006	–	247	84,247
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	921,407	320,024	87,309	398,619	–	658,282	167,288	89,734	278,592
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	907,217	2,565,964	2,454,898	7,280,438	9,147,690	893,569	2,505,946	2,120,532	7,246,293	8,919,485
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	–	94,124	20,563	24,454	73,238	–	25,010	5,648	557	15,691
22	Performing residential mortgages, of which:	–	180,820	185,220	6,156,402	5,416,286	–	176,503	180,332	6,149,486	5,405,481
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	–	230	223	650	1,103	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	21,330	59,250	37,523	242,878	265,770	37,199	54,360	30,526	239,073	264,587
25	Assets with matching Interdependent liabilities	–	–	–	–	–	–	–	–	–	–
26	Other assets:	183,046	306,213	145,113	302,831	887,028	193,992	302,181	133,528	315,419	923,920
27	Physical traded commodities, including gold	183,046				155,589	193,992				164,893
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				748	636				1,146	974
29	NSFR derivative assets				50,007	2,646				35,496	–
30	NSFR derivative liabilities before deduction of variation margin posted[1]				9,505	9,505				7,870	7,870
31	All other assets not included in the above categories	–	306,213	145,113	252,076	697,322	–	302,181	133,528	278,777	712,983
32	Off-balance sheet items				4,647,726	131,569				4,759,331	142,430
33	**Total RSF**					18,426,322					17,886,114
34	**Net Stable Funding Ratio (%)**					126.05					125.22

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

According to the regulatory requirements, definitions and accounting standards applicable in the current period, as at 30 June 2022, the Group's net stable funding ratio was 126.05%, from which the available stable funding was RMB23,226,228 million against the required stable funding of RMB18,426,322 million.

3 Leverage ratio

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

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

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

1. The leverage ratios have been calculated in accordance with relevant regulatory requirements. The balance of Tier 1 capital after regulatory adjustments has been calculated with the same data used by the Group to calculate total capital ratio.
2. On and off-balance sheet assets after adjustments = On-balance sheet assets after adjustments + Off-balance sheet assets after adjustments – Regulatory adjustments to Tier 1 capital.

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

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

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

3 Leverage ratio (continued)

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

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

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.

2. Leverage ratio is calculated through dividing Tier 1 capital after regulatory adjustments by on and off-balance sheet assets after adjustments.

4 Currency concentrations

	30 June 2022			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	1,119,544	339,692	335,236	1,794,472
Spot liabilities	(1,087,343)	(348,887)	(225,974)	(1,662,204)
Forward purchases	1,696,980	94,650	212,392	2,004,022
Forward sales	(1,745,024)	(47,978)	(300,620)	(2,093,622)
Net option position	7,821	–	325	8,146
Net (short)/long position	(8,022)	37,477	21,359	50,814
Net structural position	32,449	2,999	(775)	34,673

(Expressed in millions of RMB unless otherwise stated)

4 Currency concentrations (continued)

	31 December 2021			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	916,669	312,454	335,806	1,564,929
Spot liabilities	(929,333)	(333,522)	(270,104)	(1,532,959)
Forward purchases	1,528,518	88,234	150,570	1,767,322
Forward sales	(1,523,921)	(33,060)	(194,623)	(1,751,604)
Net option position	6,471	–	156	6,627
Net (short)/long position	(1,596)	34,106	21,805	54,315
Net structural position	26,394	2,623	(657)	28,360

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

– investments in property and equipment, net of accumulated depreciation;

– capital and statutory reserves of overseas branches; and

– investments in overseas subsidiaries and related companies.

5 International claims

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

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

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

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

(Expressed in millions of RMB unless otherwise stated)

5 International claims (continued)

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

6 Overdue loans and advances to customers by geographical sector

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

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

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

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

7 Exposures to non-banks in the Chinese mainland

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

The following information is disclosed in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the former CBRC.

Credit Risk Exposures

The following table shows, as at the dates indicated, the information related to the credit exposures of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(In millions of RMB)	As at 30 June 2022 Covered by internal ratings-based approach	As at 30 June 2022 Uncovered by internal ratings-based approach[1]	As at 31 December 2021 Covered by internal ratings-based approach	As at 31 December 2021 Uncovered by internal ratings-based approach[1]
On and off-balance sheet credit exposures	**20,973,108**	**15,306,548**	18,771,704	13,936,555
Corporate exposures	**10,368,228**	**1,676,629**	9,471,718	2,278,393
Sovereign exposures	**–**	**7,031,965**	–	6,184,781
Financial institution exposures	**2,862,128**	**1,219,342**	1,646,399	985,016
Retail exposures	**7,742,752**	**1,800,299**	7,653,587	1,005,403
Equity exposures	**–**	**156,688**	–	160,434
Securitisation exposures	**–**	**101,715**	–	103,855
Other exposures	**–**	**3,319,910**	–	3,218,673
Counterparty credit risk exposures	**–**	**174,645**	–	128,426
Total	**20,973,108**	**15,481,193**	18,771,704	14,064,981

1. Due to categorisation under the internal ratings-based approach, the credit risk exposures uncovered by the internal ratings-based approach are exposures before impairments.

Market Risk Capital Requirements

The Group's market risk capital requirements are calculated with the internal models approach. Requirements uncovered by the internal models approach are calculated with the standardised approach.

The following table shows, as at the dates indicated, the information related to various market risk capital requirements.

(In millions of RMB)	As at 30 June 2022 Capital requirement	As at 31 December 2021 Capital requirement
Covered by internal models approach	**4,867**	4,420
Uncovered by the internal models approach	**3,042**	2,785
Interest rate risk	**524**	458
Equity position risk	**714**	817
Foreign exchange risk	**1,552**	1,441
Commodity risk	**248**	69
Option risk	**4**	–
Total	**7,909**	7,205

The Group measures market risk with value-at-risk (VaR) model. The VaR model is an approach to estimate potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices within a specific timeframe and a fixed confidence level. The Group calculates VaR and stressed VaR and conducts back-testing in compliance with the regulatory requirements. As of the reporting period, the number of back-testing breakthroughs falls within the green zone according to the requirements of the CBIRC, and no model anomalies have been identified.

The following table shows the VaR and stressed VaR of the Group covered by the internal models approach for the six months ended 30 June 2022.

	Six months ended 30 June 2022			
(In millions of RMB)	**Average**	**Maximum**	**Minimum**	**Period End**
VaR	**326**	**477**	**249**	**414**
Stressed VaR	**1,100**	**1,295**	**955**	**1,152**

Equity Exposures in the Banking Book

The following table shows, as at the dates indicated, the information related to the equity exposures in the banking book and the unrealised potential risk gains or losses of the Group.

	As at 30 June 2022			As at 31 December 2021		
(In millions of RMB) **Invested institution categories**	**Publicly traded equity exposure[1]**	**Non-Publicly traded equity exposure[1]**	**Unrealised potential risk gains or losses[2]**	Publicly traded equity exposure[1]	Non-Publicly traded equity exposure[1]	Unrealised potential risk gains or losses[2]
Financial institutions	**2,566**	**6,463**	**796**	2,684	5,383	891
Non-financial institutions	**19,193**	**128,445**	**(233)**	19,501	132,845	(167)
Total	**21,759**	**134,908**	**563**	22,185	138,228	724

1. Publicly traded equity exposure is the equity exposure where the invested institutions are listed companies. Non-publicly traded equity exposure is the equity exposure where the invested institutions are unlisted companies.

2. Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the balance sheet but not in the income statement.

The following information is disclosed in accordance with *Regulatory Requirements for the Disclosure of Information on Capital Composition of Commercial* Banks issued by the former CBRC.

Composition of Capital

In accordance with the *Regulatory Requirements for the Disclosure of Information on Capital Composition of Commercial Banks* issued by the former CBRC, the following table shows the Group's composition of capital, minimum regulatory capital requirements, as well as their connections with the balance sheets under the scope of regulatory consolidation.

	(In millions of RMB, except percentages)	Code	**As at 30 June 2022**	As at 31 December 2021
Common Equity Tier 1 capital:				
1	Qualifying common share capital	o	**250,011**	250,011
2	Retained earnings		**2,150,647**	2,079,368
2a	Surplus reserve	t	**305,571**	305,571
2b	General reserve	u	**384,780**	381,282
2c	Undistributed profits	v	**1,460,296**	1,392,515
3	Accumulated other comprehensive income and disclosed reserves		**156,703**	156,171
3a	Capital reserve	q	**134,237**	134,237
3b	Others	r	**22,466**	21,934
4	Amount recognised in Common Equity Tier 1 capital during transitional period (Only applicable to unlisted companies, while banks of joint-stock companies to be completed with "0")		**–**	–
5	Non-controlling interest given recognition in Common Equity Tier 1 capital	w	**4,040**	4,027
6	**Common Equity Tier 1 capital before regulatory adjustments**		**2,561,401**	2,489,577
Common Equity Tier 1 capital: Regulatory adjustments				
7	Prudent valuation adjustment		**–**	–
8	Goodwill (excluding deferred tax liabilities)	l	**2,015**	1,947
9	Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)	k	**4,829**	5,137
10	Net deferred tax assets relying on future profits and arising from operating losses		**–**	–
11	Cash-flow hedge reserves	s	**(165)**	61
12	Gaps of loan loss provisions		**–**	–
13	Gains from sales of asset securitisation		**–**	–
14	Unrealised profit/loss arising from the changes in own credit risk on fair values of liability		**–**	–
15	Net defined-benefit pension assets (excluding deferred tax liabilities)		**–**	–
16	Directly or indirectly investments in own shares		**–**	–
17	Reciprocal cross-holdings in common equity		**–**	–
18	Non-significant investments in the capitals of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		**–**	–
19	Significant investments in the capitals of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		**–**	–
20	Mortgage-servicing rights		**N/A**	N/A
21	Other deferred tax assets relying on the Bank's future profitability (amount above 10% threshold)		**–**	–
22	Significant investments in the capitals of financial institutions outside the regulatory scope of consolidation and other deferred tax assets that rely on the Bank's future profitability after all regulatory adjustments (amount exceeding the 15% threshold)		**–**	–
23	of which: Significant investments in the capitals of financial institutions		**–**	–
24	of which: Mortgage-servicing rights		**N/A**	N/A
25	of which: Other deferred tax assets that rely on the Bank's future profitability		**–**	–
26a	Investments in Common Equity Tier 1 of financial institutions being controlled but outside the regulatory scope of consolidation	h	**6,970**	6,970
26b	Gaps of Common Equity Tier 1 of financial institutions being controlled but outside the regulatory scope of consolidation		**–**	–
26c	Other deductions from Common Equity Tier 1 capital		**–**	–
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		**–**	–
28	**Total regulatory adjustments to Common Equity Tier 1 capital**		**13,649**	14,115
29	**Common Equity Tier 1 capital after regulatory adjustments**		**2,547,752**	2,475,462
Additional Tier 1 capital:				
30	Directly issued qualifying Additional Tier 1 instruments including related premium	p+z	**99,968**	99,968
31	of which: Classified as equity	p+z	**99,968**	99,968
32	of which: Classified as liabilities		**–**	–
33	of which: Instruments not recognised in Additional Tier 1 capital after the transition period		**–**	–
34	Non-controlling interest given recognition in Additional Tier 1 capital	x	**102**	98
35	of which: Portions not recognised in Additional Tier 1 capital after the transition period		**–**	–
36	**Additional Tier 1 capital before regulatory adjustments**		**100,070**	100,066
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 instruments		**–**	–
39	Non-significant investments in the capitals of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		**–**	–
40	Significant investments in the Additional Tier 1 capital of financial institutions outside the regulatory scope of consolidation		**–**	–

	(In millions of RMB, except percentages)	Code	As at 30 June 2022	As at 31 December 2021
41a	Investments in Additional Tier 1 capital of financial institutions being controlled but outside the regulatory scope of consolidation		**–**	–
41b	Gaps of Additional Tier 1 capital of financial institutions being controlled but outside the regulatory scope of consolidation		**–**	–
41c	Other deductions from Additional Tier 1 capital		**–**	–
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		**–**	–
43	**Total regulatory adjustments to Additional Tier 1 capital**		**–**	–
44	**Additional Tier 1 capital after regulatory adjustments**		**100,070**	100,066
45	**Tier 1 capital after regulatory adjustments (Common Equity Tier 1 capital after regulatory adjustments + Additional Tier 1 capital after regulatory adjustments)**		**2,647,822**	2,575,528
Tier 2 capital:				
46	Directly issued qualifying Tier 2 instruments including related premium	n	**411,975**	353,341
47	of which: Portions not recognised in Tier 2 capital after the transition period		**–**	15,983
48	Non-controlling interest given recognition in Tier 2 capital	y	**166**	159
49	of which: Portions not recognised after the transition period		**–**	–
50	Provisions in Tier 2	–(b+d)	**353,317**	323,254
51	**Tier 2 capital before regulatory adjustments**		**765,458**	676,754
Tier 2 capital: Regulatory adjustments				
52	Direct or indirect investments in the Bank's Tier 2 instruments		**–**	–
53	Reciprocal cross-holdings in Tier 2 instruments		**–**	–
54	Non-significant investments in capital of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		**–**	–
55	Significant investments in the Tier 2 capital of financial institutions outside the regulatory scope of consolidation		**–**	–
56a	Investments in Tier 2 capital of financial institutions being controlled but outside the regulatory scope of consolidation		**–**	–
56b	Gaps of Tier 2 capital of financial institutions being controlled but outside the regulatory scope of consolidation		**–**	–
56c	Other deductions from Tier 2 capital		**–**	–
57	**Total regulatory adjustments in Tier 2 capital**		**–**	–
58	**Tier 2 capital after regulatory adjustments**		**765,458**	676,754
59	**Total capital after regulatory adjustments (Tier 1 capital after regulatory adjustments +Tier 2 capital after regulatory adjustments)**		**3,413,280**	3,252,282
60	**Total risk-weighted assets**		**19,010,888**	18,215,893
Capital adequacy ratio and reserve capital requirements				
61	**Common Equity Tier 1 ratio**		**13.40%**	13.59%
62	**Tier 1 ratio**		**13.93%**	14.14%
63	**Total capital ratio**		**17.95%**	17.85%
64	Specific buffer requirements of regulators		**4.00%**	4.00%
65	of which: Capital conservation buffer requirements		**2.50%**	2.50%
66	of which: Countercyclical buffer requirements		**0.00%**	0.00%
67	of which: Additional buffer requirements of Global Systemically Important Banks		**1.50%**	1.50%
68	Common Equity Tier 1 capital available to meet buffers as a percentage of risk-weighted assets		**8.40%**	8.59%
Domestic minimum regulatory capital requirements				
69	Common Equity Tier 1 ratio		**5.00%**	5.00%
70	Tier 1 ratio		**6.00%**	6.00%
71	Total capital ratio		**8.00%**	8.00%
Amounts below the threshold deductions				
72	Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	e+f+g+i	**148,866**	138,047
73	Significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	j	**352**	374
74	Mortgage-servicing rights (net of deferred tax liabilities)		**N/A**	N/A
75	Other deferred tax assets relying on the Bank's future profitability (net of deferred tax liabilities)	m	**106,527**	92,012
Caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to regulatory weighting approach (prior to the application of cap)	–a	**75,559**	56,937
77	Provisions eligible for inclusion in Tier 2 capital under regulatory weighting approach	–b	**70,543**	56,937
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of cap)	–c	**372,221**	347,010
79	Provisions eligible for inclusion in Tier 2 capital under internal ratings-based approach	–d	**282,774**	266,317
Capital instruments subject to phase-out arrangements				
80	Amount recognised in current-period Common Equity Tier 1 capital due to transitional arrangements		**–**	–
81	Amount not recognised in current-period Common Equity Tier 1 capital due to transitional arrangements		**–**	–
82	Amount recognised in current-period Additional Tier 1 capital due to transitional arrangements		**–**	–
83	Amount not recognised in current-period Additional Tier 1 capital due to transitional arrangements		**–**	–
84	Amount recognised in current-period Tier 2 capital due to transitional arrangements		**–**	15,983
85	Amount not recognised in current-period Tier 2 capital due to transitional arrangements		**–**	24,013

The following table shows the balance sheet within the scope of accounting and regulatory consolidation.

	As at 30 June 2022	
(In millions of RMB)	**Balance sheet of the accounting scope of consolidation**	**Balance sheet of the regulatory scope of consolidation**
Assets		
Cash and deposits with central banks	2,832,614	2,832,471
Deposits with banks and non-bank financial institutions	350,259	315,990
Precious metals	183,036	183,036
Placements with banks and non-bank financial institutions	318,740	323,840
Positive fair value of derivatives	43,655	43,655
Financial assets held under resale agreements	1,118,427	1,113,895
Loans and advances to customers	19,694,042	19,684,956
Financial assets at fair value through profit or loss	561,778	415,970
Financial assets measured at amortised cost	5,909,338	5,826,499
Financial assets at fair value through other comprehensive income	1,954,768	1,935,498
Long-term equity investments	21,247	24,033
Fixed assets	167,934	164,157
Land use rights	13,393	12,593
Intangible assets	5,509	4,829
Goodwill	2,209	2,015
Deferred tax assets	106,892	106,527
Other assets	405,237	399,955
Total assets	33,689,078	33,389,919
Liabilities		
Borrowings from central banks	777,146	777,146
Deposits from banks and non-bank financial institutions	2,754,989	2,762,684
Placements from banks and non-bank financial institutions	383,591	380,591
Financial liabilities at fair value through profit or loss	297,393	296,775
Negative fair value of derivatives	41,888	41,880
Financial assets sold under repurchase agreements	91,596	67,184
Deposits from customers	24,184,466	24,190,548
Accrued staff costs	38,372	36,451
Taxes payable	56,085	55,671
Provisions	47,342	47,338
Debt securities issued	1,688,826	1,680,680
Deferred tax liabilities	1,066	214
Other liabilities	644,466	382,129
Total liabilities	31,007,226	30,719,291
Equity		
Share capital	250,011	250,011
Other equity instruments – preference shares	59,977	59,977
Other equity instruments – perpetual bonds	39,991	39,991
Capital reserve	134,925	134,237
Other comprehensive income	21,696	22,466
Surplus reserve	305,571	305,571
General reserve	385,120	384,780
Undistributed profits	1,461,936	1,460,296
Total equity attributable to equity shareholders of the Bank	2,659,227	2,657,329
Non-controlling interests	22,625	13,299
Total equity	2,681,852	2,670,628

The following table shows the information related to the expanded balance sheet within the regulatory scope of consolidation, as well as its connections with the composition of capital.

(In millions of RMB)	As at 30 June 2022 Balance sheet of the regulatory scope of consolidation	Code
Assets		
Cash and deposits with central banks	2,832,471	
Deposits with banks and non-bank financial institutions	315,990	
Precious metals	183,036	
Placements with banks and non-bank financial institutions	323,840	
Positive fair value of derivatives	43,655	
Financial assets held under resale agreements	1,113,895	
Loans and advances to customers	19,684,956	
of which: Provisions eligible actually accrued under regulatory weighting approach	(75,559)	a
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under regulatory weighting approach	(70,543)	b
of which: Provisions eligible actually accrued under internal ratings-based approach	(372,221)	c
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under internal ratings-based approach	(282,774)	d
Financial assets at fair value through profit or loss	415,970	
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	140,773	e
Financial assets measured at amortised cost	5,826,499	
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	–	f
Financial assets at fair value through other comprehensive income	1,935,498	
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	6,637	g
Long-term equity investments	24,033	
of which: Investments in Common Equity Tier 1 of controlled financial institutions outside of the regulatory scope of consolidation	6,970	h
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	1,456	i
of which: Significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	352	j
Fixed assets	164,157	
Land use rights	12,593	
Intangible assets	4,829	k
Goodwill	2,015	l
Deferred tax assets	106,527	m
Other assets	399,955	
Total assets	33,389,919	
Liabilities		
Borrowings from central banks	777,146	
Deposits from banks and non-bank financial institutions	2,762,684	
Placements from banks and non-bank financial institutions	380,591	
Financial liabilities at fair value through profit or loss	296,775	
Negative fair value of derivatives	41,880	
Financial assets sold under repurchase agreements	67,184	
Deposits from customers	24,190,548	
Accrued staff costs	36,451	
Taxes payable	55,671	
Provisions	47,338	
Debt securities issued	1,680,680	
of which: Tier 2 capital instruments and related premium[1]	411,975	n
Deferred tax liabilities	214	
Other liabilities	382,129	
Total liabilities	30,719,291	

(In millions of RMB)	As at 30 June 2022 Balance sheet of the regulatory scope of consolidation	Code
Equity		
Share capital	**250,011**	o
Other equity instruments - preference shares	**59,977**	p
Other equity instruments - perpetual bonds	**39,991**	z
Capital reserve	**134,237**	q
Other comprehensive income	**22,466**	r
of which: Cash-flow hedge reserves	**(165)**	s
Surplus reserve	**305,571**	t
General reserve	**384,780**	u
Undistributed profits	**1,460,296**	v
Total equity attributable to equity shareholders of the Bank	**2,657,329**	
Non-controlling interests	**13,299**	
Of which: Non-controlling interests recognised in Common Equity Tier 1 capital	**4,040**	w
Of which: Non-controlling interests recognised in Additional Tier 1 capital	**102**	x
Of which: Non-controlling interests recognised in Tier 2 capital[1]	**166**	y
Total equity	**2,670,628**	

1. Pursuant to regulatory requirements, Tier 2 capital instruments issued by the Group's wholly-owned subsidiaries that don't comply with the regulations in China are not recognised in the Group's Tier 2 capital instruments and premium, which is different from the accounting treatment of such instruments.

MAIN FEATURES OF ELIGIBLE REGULATORY CAPITAL INSTRUMENTS

The following table shows the information related to main features of various kinds of eligible regulatory capital instruments issued by the Group.

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issue	Tier 2 capital instrument	Preference shares	Tier 2 capital instrument
1	Issuer	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation
2	Identification code	0939.HK	601939.SH	0939.HK, 601939.SH	ISIN: CND100007Z10	360030.SH	ISIN: CND10001PYK4
3	Governing law(s)	Hong Kong SAR law	the PRC law	the PRC/Hong Kong SAR law	the PRC law	the PRC law	the PRC law
	Regulatory treatment						
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital
5	of which: Applicable to post-transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Equity instrument	Equity instrument	Equity instrument	Tier 2 capital instrument	Additional Tier 1 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions of RMB, as at the latest reporting date)	72,550	57,119	61,159	19,995	59,977	42,998
9	Par value of instrument	RMB30,459 million	RMB9,000 million	RMB16,322 million	RMB20,000 million	RMB60,000 million	RMB43,000 million
10	Accounting classification	Share capital and capital reserve	Share capital and capital reserve	Share capital and capital reserve	Debt securities issued	Other equity instruments	Debt securities issued
11	Original date of issuance	27 October 2005	25 September 2007	19 November 2010, 16 December 2010	15 August 2014	21 December 2017	20 September 2018
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Perpetual	Dated
13	of which: Original maturity date	No maturity	No maturity	No maturity	18 August 2029	No maturity	25 September 2028
14	Issuer call subject to regulatory approval	No	No	No	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	18 August 2024, redemption in full	At least five years from the date of issuance of preference shares (27 December 2017), redemption in full or in part.	25 September 2023, redemption in full
16	of which: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	The redemption term of the preference shares starts from the beginning of such term to the date when all the preference shares have been wholly redeemed or converted.	N/A
	Coupons/dividends						
17	of which: Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Adjustable dividend rate (benchmark rate plus the fixed initial interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the dividend rate during each adjusting period remains unchanged.	Fixed
18	of which: Coupon rate and any related index	N/A	N/A	N/A	5.98%	The dividend yield for the first five years is 4.75% and is reset based on the five-year Chinese government bond rate plus the fixed initial interest spread (0.89%) at the dividend reset date for the consecutive five years. The dividend rate during each reset period remains unchanged. (The first dividend reset date is 21 December 2022, and the subsequent reset date is 21 December every five years thereafter).	4.86%
19	of which: Existence of dividend brake mechanism	N/A	N/A	N/A	No	Yes	No
20	of which: Fully discretionary, partially discretionary or non-discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Non-discretionary	Fully discretionary	Non-discretionary

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issue	Tier 2 capital instrument	Preference shares	Tier 2 capital instrument
21	of which: Existence of redemption incentive mechanism	No	No	No	No	No	No
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	N/A	N/A	N/A	No	Yes	No
24	of which: If convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	Occurrence of Additional Tier 1 capital instruments trigger event or Tier 2 capital instruments trigger event.	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	Fully or partially convertible upon the occurrence of Additional Tier 1 capital instruments triggers, and fully convertible upon the occurrence of Tier 2 capital instruments triggers	N/A
26	of which: If convertible, specify the conversion rate	N/A	N/A	N/A	N/A	The initial conversion price is the average trading price of A shares of the Bank in the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance of the preference shares (namely RMB5.20 per share). Since the date when the Board of Directors passed the resolution to issue the preference shares, in the event of any distribution of bonus shares or stock dividends for ordinary A-share holders, recapitalisation, issuance of new shares at a price lower than the market price (excluding the shares converted from financing instruments that are issued by the Bank and subject to the clauses of conversion into ordinary shares) and making rights issue, the Bank will accumulatively adjust the conversion price in the order of occurrence of the events, excluding the situation where the bank declares cash dividend for ordinary shares. In case of cancellation of repurchased shares, merger, split-up or other circumstances that may lead to changes in the Bank’s share class, number and/or shareholders’ equity and thereby affect the rights and interests of the preference shareholders, the Bank shall have the right to adjust the compulsory conversion price in a fair and impartial manner, so as to fully protect and balance the rights and interests of the preference shareholders and the ordinary shareholders.	N/A

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issue	Tier 2 capital instrument	Preference shares	Tier 2 capital instrument
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	Yes	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	Common Equity Tier 1 capital	N/A
29	of which: If convertible, specify the issuer of instrument after conversion	N/A	N/A	N/A	N/A	CCB	N/A
30	Write-down feature	N/A	N/A	N/A	Yes	No	Yes
31	of which: If write-down, specify the trigger point of write-down	N/A	N/A	N/A	Write-down is triggered at the earlier of the following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	N/A	Write-down is triggered at the earlier of the following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: If write-down, specify if it is full or partial	N/A	N/A	N/A	Partial/Full	N/A	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	N/A	N/A	N/A	Permanent	N/A	Permanent
34	of which: If temporary write-down, specify the description of the write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority ranking)	The lowest priority of all claims	The lowest priority of all claims	The lowest priority of all claims	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind all depositors, general creditors, and Tier 2 capital instruments issued, and other capital instruments senior to preference shares, the same priority with Additional Tier 1 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Undated capital bonds	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation
2	Identification code	ISIN: CND10001QQJ0	ISIN: XS1936784161	ISIN: CND10002HVY6	ISIN: XS2140531950	ISIN: CND10003NQC8
3	Governing law(s)	the PRC law	the UK law (Subordinated tranches subject to the PRC laws and regulations)	the PRC law	the UK law (Subordinated tranches subject to the PRC laws and regulations)	the PRC law
	Regulatory treatment					
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
5	of which: Applicable to post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Additional Tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions of RMB, as at the latest reporting date)	39,999	12,359	39,991	13,356	64,987
9	Par value of instrument	RMB40,000 million	US$1,850 million	RMB40,000 million	US$2,000 million	RMB65,000 million
10	Accounting classification	Debt securities issued	Debt securities issued	Other equity instruments	Debt securities issued	Debt securities issued
11	Original date of issuance	25 October 2018	20 February 2019	13 November 2019	17 June 2020	10 September 2020
12	Perpetual or dated	Dated	Dated	Perpetual	Dated	Dated
13	of which: Original maturity date	29 October 2028	27 February 2029	No maturity	24 June 2030	14 September 2030
14	Issuer call subject to regulatory approval	Yes	Yes	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	29 October 2023, redemption in full	27 February 2024, redemption in full	The first call date is 15 November 2024, redemption in full or in part	24 June 2025, redemption in full	14 September 2025, redemption in full
16	of which: Subsequent call dates, if applicable	N/A	N/A	Every 15 November after the first call date	N/A	N/A
	Coupons / dividends					
17	of which: Fixed or floating dividend/coupon	Fixed	The interest rate is fixed for the first five years, and is based on the interest rate at the coupon rate reset date (i.e., the five-year US government bond benchmark rate plus the initial fixed interest spread at the coupon reset date of the fifth year) for five consecutive years.	Adjustable coupon rate (benchmark rate plus the fixed initial interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the coupon rate during each adjusting period remains unchanged.	The interest rate is fixed for the first five years, and is based on the interest rate at the coupon rate reset date (i.e., the five-year US government bond benchmark rate plus the initial fixed interest spread at the coupon reset date of the fifth year) for five consecutive years.	Fixed
18	of which: Coupon rate and any related index	4.7%	The interest rate fixed at 4.25% for the first five years, is reset based on the five-year US government bond rate plus the fixed initial interest spread (1.88%) at the reset date for five consecutive years.	The coupon at 4.22% for the first five years, is reset based on the five-year Chinese government bond rate plus the fixed initial interest spread (1.16%) at the coupon rate reset date for five consecutive years, and the coupon rate during each reset period remains unchanged (the first coupon rate reset date is 15 November 2024 and the subsequent reset date is 15 November of every 5 years thereafter).	The interest rate fixed at 2.45% for the first five years, is reset based on the five-year US government bond rate plus the fixed initial interest spread (2.15%) at the reset date for five consecutive years.	4.20%
19	of which: Existence of dividend brake mechanism	No	No	Yes	No	No
20	of which: Fully discretionary, partially discretionary or non- discretionary	non- discretionary	non- discretionary	Fully discretionary	Non-discretionary	Non-discretionary
21	of which: Existence of redemption incentive mechanism	No	No	No	No	No

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Undated capital bonds	Tier 2 capital instrument	Tier 2 capital instrument
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	No	No	No	No	No
24	of which: if convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A
26	of which: If convertible, specify conversion rate	N/A	N/A	N/A	N/A	N/A
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes
31	of which: If write-down, specify the trigger point of write-down	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) related authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) related authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	1. Triggering event of Additional Tier 1 capital instruments is where the Common Equity Tier 1 capital adequacy ratio drops to 5.125% (or below). 2. The triggering event of Tier 2 capital instrument refers to the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) related authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be available. When the principal of the bond is partially or fully written down, the bond will be written off perpetually and never recovers again.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) related authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) related authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: If write-down, specify if it is full or partial	Partial/Full	Partial/Full	1. Partial/full when Additional Tier 1 capital instruments trigger events occur. 2. Full when Tier 2 capital instruments triggering events occur.	Partial/Full	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority rankings)	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind depositors, the general creditors and the subordinated debt senior to the undated Additional Tier 1 capital bond, and in priority to all classes of shares held by the Bank's shareholders, the same priority with Additional Tier 1 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu
36	Non-eligible transitioned features	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation
2	Identification code	ISIN: CND10004JSG1	ISIN: CND10004JSB2	ISIN: CND10004NXP4	ISIN: CND10004NXQ2	ISIN: CND10004QDV7	ISIN：CND10004QDX3
3	Governing law(s)	the PRC law	the PRC law	the PRC law	the PRC law	the PRC law	the PRC law
	Regulatory treatment						
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: Applicable to post-transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions of RMB, as at the latest reporting date)	64,985	14,996	34,991	9,997	11,997	7,998
9	Par value of instrument	RMB65 billion	RMB15 billion	RMB35 billion	RMB10 billion	RMB12 billion	RMB8 billion
10	Accounting classification	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	6 August 2021	6 August 2021	5 November 2021	5 November 2021	10 December 2021	10 December 2021
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
13	of which: Original maturity date	10 August 2031	10 August 2036	9 November 2031	9 November 2036	14 December 2031	14 December 2036
14	Issuer call subject to regulatory approval	Yes	Yes	Yes	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	10 August 2026, redemption in full	10 August 2031, redemption in full	9 November 2026, redemption in full	9 November 2031, redemption in full	14 December 2026, redemption in full	14 December 2031, redemption in full
16	of which: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons/dividends						
17	of which: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	of which: Coupon rate and any related index	3.45%	3.80%	3.60%	3.80%	3.48%	3.74%
19	of which: Existence of dividend brake mechanism	No	No	No	No	No	No
20	of which: Fully discretionary, partially discretionary or non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary
21	of which: Existence of redemption incentive mechanism	No	No	No	No	No	No
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	No	No	No	No	No	No
24	of which: If convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	N/A	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	of which: If convertible, specify conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	N/A	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes
31	of which: If write-down, specify the trigger point of write-down	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: If write-down, specify if it is full or partial	Partial/Full	Partial/Full	Partial/Full	Partial/Full	Partial/Full	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority ranking)	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	China Construction Bank Corporation	China Construction Bank Corporation	China Construction Bank Corporation
2	Identification code	ISIN: XS2431453336	ISIN: CND100058P53	ISIN: CND100058P61
3	Governing law(s)	the UK law (Subordinated tranches subject to the PRC laws and regulations)	the PRC law	the PRC law
	Regulatory treatment			
4	of which: Applicable to transitional period rules *under the Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: Applicable to post-transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions of RMB, as at the latest reporting date)	13,333	44,988	14,996
9	Par value of instrument	US$2 billion	RMB45 billion	RMB15 billion
10	Accounting classification	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	13 January 2022	15 June 2022	15 June 2022
12	Perpetual or dated	Dated	Dated	Dated
13	of which: Original maturity date	21 January 2032	17 June 2032	17 June 2037
14	Issuer call subject to regulatory approval	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	21 January 2027, redemption in full	17 June 2027, redemption in full	17 June 2032, redemption in full
16	of which: Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons/dividends			
17	of which: Fixed or floating dividend/coupon	The interest rate is fixed for the first five years, and is based on the interest rate at the coupon rate reset date (i.e., the five-year US government bond benchmark rate plus the initial fixed interest spread at the coupon reset date of the fifth year) for the consecutive five years.	Fixed	Fixed
18	of which: Coupon rate and any related index	The interest rate fixed at 2.85% for the first five years, is reset based on the five-year US government bond rate plus the fixed initial interest spread (1.40%) at the reset date for the consecutive five years.	3.45%	3.65%
19	of which: Existence of dividend brake mechanism	No	No	No
20	of which: Fully discretionary, partially discretionary or non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary
21	of which: Existence of redemption incentive mechanism	No	No	No
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	No	No	No
24	of which: If convertible, specify the trigger condition for conversion	N/A	N/A	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A
26	of which: If convertible, specify conversion rate	N/A	N/A	N/A
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes
31	of which: If write-down, specify the trigger point of write-down	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) the CBIRC determines an issuer cannot survive if no write-down is conducted; (2) relevant authorities confirm that an issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: If write-down, specify if it is full or partial	Partial/Full	Partial/Full	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	Permanent	Permanent	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority ranking)	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.
36	Non-eligible transitioned features	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A

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