ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

2023 | Interim Report

Company Profile

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

The Bank has devoted itself to building a world-class and modern financial enterprise with Chinese characteristics. The Bank has a high quality customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and adheres to creating value through services while providing abundant financial products and superior financial services to over 11 million corporate customers and 729 million personal customers around the world. It has served the high-quality development of the economy and society with its own high-quality development. The Bank has been consciously integrating the social responsibilities with its development strategy and operation and management activities, and gaining wide recognition in the aspects of serving manufacturing industry, promoting inclusive finance, backing rural revitalization, developing green finance and participating in public welfare undertakings.

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

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

Strategic Objective

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC will adhere to the general working principle of pursuing progress while ensuring stability, fully and faithfully apply the new development philosophy on all fronts, modernize its governance system and capacity, and turn ICBC into a world-class and modern financial enterprise with Chinese characteristics.

Strategic Significance

Adhere to the guidance of the Party building theory and exercising rigorous corporate governance

ICBC upholds the Party's leadership over the financial work, and strives to improve the scientific decision-making as well as the effectiveness of corporate governance through enhanced governance system and capacity building.

Adhere to putting the customer first and serving the real economy

ICBC remains steadfast in serving the real economy and commits to satisfying people's new expectations and demands for financial services, making every effort to build the No.1 Personal Bank.

Adhere to technology-driven development and value creation

ICBC empowers its business operations and management with FinTech, and creates superior value for the real economy, shareholders, customers, employees and the society as a whole.

Adhere to a broad international vision and globalized operations

ICBC proactively taps resources from both domestic and overseas markets, and undertakes to constantly promote international development, which well-integrates with China's high-level opening-up.

Adhere to pushing for pragmatic business transformation and progressing through reform

Keeping pace with changing times, ICBC endeavors to advance reforms in key areas and critical steps, seeking room for development through transformation and vitality for growth through reform.

Adhere to laying a solid foundation for risk control and achieving development through talent cultivation

ICBC safeguards the lifeline of asset quality by reinforcing bottom-line thinking with a combination of prevention and control measures. Meanwhile, corporate culture formation and caring for staff are strengthened to increase group cohesion.

Mission

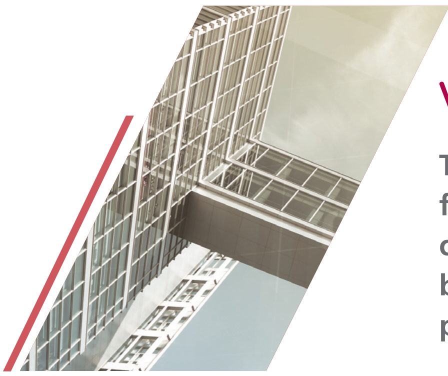
Excellence for You

Excellent services for clients

Maximum returns to shareholders

Real success for employees

Great contribution to society



Vision

To build a world-class modern financial institution with Chinese characteristics in all aspects, and become a long-lasting and ever-prosperous bank

Values

Integrity Leads to Prosperity

Integrity

Humanity

Prudence

Innovation

Excellence

CONTENTS

Definitions

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

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Bank ICBC (JSC)	Bank ICBC (joint stock company)
Capital Regulation	Regulation Governing Capital of Commercial Banks (Provisional) promulgated in June 2012
CSRC	China Securities Regulatory Commission
Former CBIRC	Former China Banking and Insurance Regulatory Commission
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
ICBC (Almaty)	Industrial and Commercial Bank of China (Almaty) Joint Stock Company
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Austria)	ICBC Austria Bank GmbH
ICBC (Brasil)	Industrial and Commercial Bank of China (Brasil) S.A.
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Indonesia)	PT. Bank ICBC Indonesia
ICBC (London)	ICBC (London) PLC
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Mexico)	Industrial and Commercial Bank of China Mexico S.A.
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Peru)	ICBC PERU BANK
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (Turkey)	ICBC Turkey Bank Anonim Şirketi
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Investment	ICBC Financial Asset Investment Co., Ltd.
ICBC Investments Argentina	ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC Standard Bank	ICBC Standard Bank PLC
ICBC Technology	ICBC Information and Technology Co., Ltd.
ICBC Wealth Management	ICBC Wealth Management Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
ICBCFS	Industrial and Commercial Bank of China Financial Services LLC
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
Inversora Diagonal	Inversora Diagonal S.A.
MOF	Ministry of Finance of the People's Republic of China
NAFR	National Administration of Financial Regulation
PBC	The People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises promulgated by MOF
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSF	National Council for Social Security Fund
Standard Bank	Standard Bank Group Limited
State Council	The State Council of the People's Republic of China
The Bank/The Group	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management members of Industrial and Commercial Bank of China Limited undertake that the information in this report contains no false record, misleading statement or material omission, and assume individual and joint and several liability for the authenticity, accuracy and completeness of the information in this report.

The 2023 Interim Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 30 August 2023. There were 13 directors eligible for attending the meeting, of whom 11 directors attended the meeting in person and 2 directors by proxy, namely, Mr. Yang Siu Shun appointed Mr. Shen Si and Mr. Fred Zuliu Hu appointed Mr. Anthony Francis Neoh to attend the meeting and exercise the voting right on their behalf.

The 2023 interim financial report prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and international standards on review engagements respectively.

Upon the approval at the Annual General Meeting for the Year 2022 held on 29 June 2023, the Bank distributed cash dividends of about RMB108,169 million, or RMB3.035 per ten shares (pre-tax), for the period from 1 January 2022 to 31 December 2022 to the ordinary shareholders whose names appeared on the share register after the close of market on 14 July 2023. The Bank will not declare or distribute interim dividends for 2023, nor will it convert any capital reserves to share capital.

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

30 August 2023

Mr. Chen Siqing, Legal Representative of the Bank, and Mr. Liao Lin, President in charge of finance and Person in charge of Finance and Accounting Department of the Bank, hereby warrant that the financial statements contained in the Interim Report are authentic, accurate and complete.

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

The Bank is primarily exposed to credit risk, market risk, interest rate risk in the banking book, liquidity risk, operational risk, reputational risk and country risk. The Bank has actively adopted measures to effectively manage various types of risks. Please refer to the section headed “Discussion and Analysis — Risk Management” for detailed information.

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

Corporate Information

Legal name in Chinese
中國工商銀行股份有限公司("中國工商銀行")

Legal name in English
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED ("ICBC")

Legal Representative
Chen Siqing

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Business enquiry and complaint hotline: 86-95588
Website: www.icbc.com.cn, www.icbc-ltd.com

Principal place of business in Hong Kong SAR, China
33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong SAR, China

Authorized representatives
Liao Lin and Guan Xueqing

Board Secretary and Company Secretary
Guan Xueqing
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Selected newspaper for information disclosure
China Securities Journal, Shanghai Securities News, Securities Times, Economic Information Daily

Website of SSE for disclosure of the interim report in respect of A shares
www.sse.com.cn

The "HKEXnews" website of HKEX for disclosure of the interim report in respect of H shares
www.hkexnews.hk

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Telephone: 852-28628555
Facsimile: 852-28650990

Location where copies of this interim report are kept
Board of Directors' Office of the Bank

Place where shares are listed, and their names and codes
A Share
Shanghai Stock Exchange
Stock name: 工商銀行
Stock code: 601398

H Share
The Stock Exchange of Hong Kong Limited
Stock name: ICBC
Stock code: 1398

Domestic Preference Share
Shanghai Stock Exchange
Stock name: 工行優1
Stock code: 360011

Stock name: 工行優2
Stock code: 360036

Offshore Preference Share
The Stock Exchange of Hong Kong Limited
Stock name: ICBC 20USDPREF
Stock code: 4620

Name and office address of Auditors
Domestic Auditor
Deloitte Touche Tohmatsu Certified Public Accountants LLP
30/F, 222 East Yan'an Road, Huangpu District, Shanghai, China
CPAs (Practicing): Wu Weijun and Zeng Hao

International Auditor
Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway, Hong Kong SAR, China

Financial Highlights

(Financial data and indicators in this Interim Report are prepared in accordance with IFRSs and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

Financial Data

	Six months ended 30 June 2023	Six months ended 30 June 2022		Six months ended 30 June 2021
Operating results (in RMB millions)		Original[(1)]	Restated[(1)]	
Net interest income	336,987	351,425	350,611	336,293
Net fee and commission income	73,465	76,017	76,041	75,943
Operating income	428,906	443,788	444,161	426,406
Operating expenses	105,379	103,173	102,496	94,991
Impairment losses on assets	122,255	133,622	133,849	124,547
Operating profit	201,272	206,993	207,816	206,868
Profit before taxation	203,655	209,145	210,003	208,070
Net profit	174,720	172,570	172,819	164,509
Net profit attributable to equity holders of the parent company	173,744	171,506	171,670	163,473
Net cash flows from operating activities	1,297,269	1,410,405	1,410,405	377,546
Per share data (in RMB yuan)				
Basic earnings per share	0.48	0.47	0.47	0.46
Diluted earnings per share	0.48	0.47	0.47	0.46

Financial Data (continued)

	30 June 2023	31 December 2022		31 December 2021
Assets and liabilities (in RMB millions)		Original	Restated	
Total assets	43,669,606	39,609,657	39,610,146	35,171,383
Total loans and advances to customers	25,291,921	23,212,312	23,210,376	20,667,245
Corporate loans	15,760,433	13,826,966	13,826,966	12,194,706
Personal loans	8,475,915	8,236,561	8,234,625	7,944,781
Discounted bills	1,055,573	1,148,785	1,148,785	527,758
Allowance for impairment losses on loans(2)	751,196	672,762	672,762	603,983
Investment	11,255,131	10,527,292	10,533,702	9,257,760
Total liabilities	40,073,186	36,095,831	36,094,727	31,896,125
Due to customers	33,373,772	29,870,491	29,870,491	26,441,774
Corporate deposits	16,545,202	14,671,154	14,671,154	13,331,463
Personal deposits	16,122,514	14,545,306	14,545,306	12,497,968
Other deposits	230,591	199,465	199,465	250,349
Accrued interest	475,465	454,566	454,566	361,994
Due to banks and other financial institutions	3,050,944	3,185,564	3,187,712	2,921,029
Equity attributable to equity holders of the parent company	3,575,999	3,495,171	3,496,109	3,257,755
Share capital	356,407	356,407	356,407	356,407
Net asset value per share(3) (in RMB yuan)	9.04	8.81	8.82	8.15
Net common equity tier 1 capital(4)	3,201,381	3,121,080	3,121,080	2,886,378
Net tier 1 capital(4)	3,556,297	3,475,995	3,475,995	3,241,364
Net capital base(4)	4,473,996	4,281,079	4,281,079	3,909,669
Risk-weighted assets(4)	24,244,321	22,225,272	22,225,272	21,690,349

	30 June 2023	31 December 2022	31 December 2021
Credit rating			
S&P(5)	A	A	A
Moody's(5)	A1	A1	A1

Notes: (1) Since 1 January 2023, the Group has implemented IFRS 17 – Insurance Contracts. In accordance with the IFRS requirements, the Group made retroactive adjustments to relevant data and indicators for the comparable periods in 2022. According to the accounting requirements of the Interim Measures for the Administration of the Gold Leasing Business issued by PBC, the Group has made adjustments to the presentation of the interbank gold leasing business since 2023 and adjusted relevant data for the comparable periods in 2022 accordingly.

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

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

(4) Calculated in accordance with the Capital Regulation.

(5) The rating results are in the form of "long-term foreign currency deposits rating".

Financial Indicators

	Six months ended 30 June 2023	Six months ended 30 June 2022		Six months ended 30 June 2021
Profitability (%)		Original	Restated	
Return on average total assets[1]	0.84*	0.93*	0.94*	0.96*
Return on weighted average equity[2]	10.51*	11.25*	11.26*	11.90*
Net interest spread[3]	1.52*	1.85*	1.85*	1.93*
Net interest margin[4]	1.72*	2.03*	2.03*	2.12*
Return on risk-weighted assets[5]	1.50*	1.58*	1.58*	1.60*
Ratio of net fee and commission income to operating income	17.13	17.13	17.12	17.81
Cost-to-income ratio[6]	23.29	22.14	21.97	21.19
	30 June 2023	**31 December 2022**		**31 December 2021**
Asset quality (%)		Original	Restated	
Non-performing loans ("NPLs") ratio[7]	1.36	1.38	1.38	1.42
Allowance to NPLs[8]	218.62	209.47	209.47	205.84
Allowance to total loans ratio[9]	2.97	2.90	2.90	2.92
Capital adequacy (%)				
Common equity tier 1 capital adequacy ratio[10]	13.20	14.04	14.04	13.31
Tier 1 capital adequacy ratio[10]	14.67	15.64	15.64	14.94
Capital adequacy ratio[10]	18.45	19.26	19.26	18.02
Total equity to total assets ratio	8.24	8.87	8.88	9.31
Risk-weighted assets to total assets ratio	55.52	56.11	56.11	61.67

Notes: * indicates annualised ratios.

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

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

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

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

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

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

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

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

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

(10) Calculated in accordance with the Capital Regulation.

Overview of Business Operation

Since the beginning of the year, in the face of severe and complex external environment, the Bank carried out in depth the themed education on studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and earnestly implemented the decisions and plans made by the Communist Party of China ("CPC" or the "Party") Central Committee and the State Council. It adhered to the general principle of pursuing progress while ensuring stability and fully and faithfully applied the new development philosophy on all fronts. Focusing on the central task of serving Chinese modernization, the primary task of high-quality development and the strategic task of fostering a new pattern of development, the Bank practiced in depth the political and people-oriented nature of financial work, and firmly followed the financial development path with Chinese characteristics. According to the "48-character" guideline of the CPC ICBC Committee, it steadily advanced the tasks of maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground, with a focus on supporting the "stability" of the general economic situation with the "stability" of the Bank's own operations and helping the economy realize effective improvement in quality and reasonable growth in quantity.

In the first half of 2023, the Group's operating results were better than expected, with the core indicators of "Strong, Excellent and Large" maintaining steady growth. **In terms of being "Strong"**, the Group's capital adequacy ratio was 18.45% and allowance to NPLs was 218.62%, indicating further enhanced risk resilience capacity. NPL ratio was 1.36%, meaning that asset quality maintained stable. **In terms of being "Excellent"**, while making more profit concessions to the real economy, the return on average assets ("ROA") and the return on weighted average equity ("ROE") were maintained at a relatively good level; the net interest margin ("NIM") stayed within a reasonable range; cost-to-income ratio was at a stable and reasonable level. **In terms of being "Large"**, the Group's operating income, net profit, assets, deposits, loans, capital, etc. all maintained a leading position among peers.

The Bank actively supported the national strategy of maintaining stable growth and continuously fulfilled its responsibilities as a large bank. With a focus on "addressing the country's needs, giving full play to finance, meeting customers' expectations and tapping into ICBC strengths", it continued to increase financial supply, gave play to its role as a leading large bank, and supported the sustained recovery and improvement of the economy. **In terms of total amount**, the balance of RMB loans of domestic branches increased by RMB1.99 trillion, with the increment increased by RMB387.6 billion year on year. Both the increment and the year-on-year growth are industry-leading. The total amount, increment and new investment amount all maintained leading positions in the market. **In terms of credit extended areas**, with a focus on its main responsibilities and main businesses, the Bank increased the support to key areas and weak links of the real economy. The balance of loans to manufacturing reached RMB3.6 trillion, the balance of loans to strategic emerging industries exceeded RMB2 trillion, and the balance of green credit loans recorded over RMB5 trillion, with both the total amount and the increment leading the industry. The balance of inclusive loans exceeded RMB2 trillion and agriculture-related loans were nearly RMB4 trillion, both registering an industry-leading growth. The balance of loans to private enterprises exceeded RMB5 trillion. The increase of loans to Specialization, Refinement, Differentiation and Innovation ("SRDI") enterprises was higher than that in the same period of last year. More than RMB650.0 billion on- and off-balance sheet financing was granted to domestic key foreign trade and foreign investment enterprises. The increment in personal consumption and business loans increased by RMB146.5 billion year on year, which promoted consumption and benefited people's livelihood.

Asset quality remained stable, due to comprehensive and systematic risk control. The Bank firmly established a holistic view of national security, adhered to the bottom-line thinking, and ensured both development and security. It deepened the Five-pronged Risk Management Approach, namely, the overall risk management of domestic and overseas institutions, on- and off-balance sheet business, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions. According to the guideline of "active prevention, smart control and comprehensive management", the Bank ensured the prevention of credit risk, market risk, operational risk, etc. and put forth effort to create a "security-first" benchmark for large bank. The level of intelligent risk control was effectively improved, work relating to asset quality was steadily advanced, the new rules on credit approval were thoroughly implemented, the key work of internal control and case prevention were vigorously promoted, consumer protection efforts produced positive results, and the safety operation barrier was further strengthened. The Group's asset quality was generally stable and all types of risks were under control.

With more efforts invested in adjusting structure and increasing growth drivers, the Bank developed more powerful engines of growth. The Bank continued to promote the four strategic layout of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation" and the strategic priorities of personal finance, foreign exchange business, key areas and urban-rural collaborative development, etc. We made new progress in implementing the group development plan. We deepened the GBC+ (government, business and consumer) fundamental project, and increased the number of personal customers to 729 million and corporate customers to over 11 million. We accelerated the formation of a diversified customer structure that coordinated large, medium, small, micro and personal customers, which drove the balance of RMB deposits to exceed RMB30 trillion and the increment to exceed RMB3 trillion. The balance of personal assets under management ("AUM") posted over RMB20 trillion. The Bank adhered to the principle of "balancing large and small customers and giving priority to retail business" and made coordinated efforts to serve large customers, large projects, micro and small enterprises, self-employed businesses and SRDI "little giants". Such adjustments to the diverse credit structure produced remarkable results. Jeddah Branch in Saudi Arabia opened successfully. The Bank was authorized to act as the RMB clearing bank in Brazil, and the number of ICBC RMB clearing banks increased to 11, further refining the Bank's global financial service network. Focusing on "serving customers, empowering employees", the Bank deepened the development of D-ICBC and accelerated digital transformation of financial services. A number of digital innovation achievements in areas including mobile banking, open banking and ICBC e Life were launched successively, further strengthening the drive of high-quality development.

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

In the first half of 2023, the international economy, trade and investment slowed down, inflation remained high, the policy tightening effects of the central banks of developed countries continued to show, and the international financial market became more volatile. The Chinese economy was picking up on the whole, with market demand recovering steadily, production and supply increasing continuously, and high-quality development advancing steadily. China's gross domestic product (GDP), fixed asset investment (excluding rural households), total (RMB-denominated) imports and exports of trade in goods, and retail sales of consumer goods rose by 5.5%, 3.8%, 2.1% and 8.2% year on year respectively. The value added of industrial enterprises above designated size, value added of services, and consumer price index (CPI) increased by 3.8%, 6.4% and 0.7% year on year respectively.

The intensity and effectiveness of proactive fiscal policy were enhanced. China improved the tax and fee support policy, and increased their precision and pertinence, to support the development of private businesses, medium, small and micro enterprises and individual businesses, and strove to alleviate the difficulties of enterprises. China strengthened the coordination of financial resources, maintained the intensity of necessary expenditures, and increased investment in laying the foundation, benefiting the long term, making up for deficiencies, and adjusting the structure. Moreover, China gave play to the guiding role of government investment, and encouraged and attracted more private capital participation.

A sound monetary policy was pursued in a targeted and forceful manner. PBC lowered the reserve requirement ratio ("RRR") by 0.25 percentage points, released the long-term liquidity, and enhanced the stability and sustainability of aggregate credit growth, to solidify the support to the real economy. The structural monetary policy tools were "focused, reasonable, moderate, and flexible". PBC set up special relending to provide relief for real estate development enterprises and the loan support scheme for rental housing, continued to implement inclusive micro and small business loan facilities and the loan support scheme to ensure deliveries of presold housing projects, increased the quota of relending and rediscounting to support agriculture and small enterprises, and continued to strengthen support for key areas and weak links of the national economy such as inclusive finance, sci-tech innovation, green development and infrastructure. PBC continued to improve the market-oriented interest rate formation and transmission mechanism, and gave play to the effect of the Loan Prime Rate ("LPR") reform. Both the 1-year and 5-year LPR dropped by 10 basis points, which promoted a steady decline of corporate financing and household credit costs. Besides, PBC continued to exert the important role of the deposit rate market-oriented adjustment mechanism, helping to stabilize the stable cost of bank liabilities.

Regulatory policies focused on propelling reform, promoting development and preventing risks. In terms of propelling reform, the Plan for the Reform of Party and State Institutions was arranged and implemented, indicating that the financial regulatory system has stepped into a new pattern composed of "PBC, NAFR and CSRC". In terms of promoting development, the credit management systems for fixed asset loans, working capital loans, personal loans and project financing were revised and improved, and banking institutions were encouraged to improve their credit management capacity and efficiency of financial services. Circulars and guidelines on providing good financial services for transportation and logistics, small and micro enterprises, rural revitalization and other areas were issued, to urge the banking sector to strengthen precise support for key areas. A dynamic adjustment mechanism on mortgage rates for first-time homebuyer was established, and the policy period for financial support for the steady and healthy development of the real estate market was extended, to ensure the steady development of the real estate market. China optimized the policy for centralized operation and management of cross-border funds in local and foreign currencies of multinational companies, supported foreign trade enterprises to expand the cross-border use of RMB, and improved the facilitation of cross-border trade, investment and financing. In terms of risk prevention, the Rules on Risk Classification of Financial Assets of Commercial Banks were promulgated, the Regulation Governing Capital of Commercial Banks were amended and public opinions were solicited, so as to urge commercial banks to strengthen credit risk management and improve capital supervision rules.

The financial system ran smoothly overall. At the end of June, the balance of broad money supply (M2) was RMB287.30 trillion, up 11.3% year on year. The aggregate financing to the real economy (stock) stood at RMB365.45 trillion, up 9.0% year on year. The outstanding RMB loans reached RMB230.58 trillion, up 11.3% year on year. The balance of RMB deposits amounted to RMB278.62 trillion, up 11.0% year on year. At the end of June, the total issuance amount of various bonds in the bond market reached RMB34.33 trillion, up 9.0% year on year. The major index of stock market fluctuated upward, with the Shanghai Composite Index and the Shenzhen Component Index increasing by 3.7% and 0.1% respectively over the end of last year. The central parity of RMB against the US dollar was RMB7.2258, depreciating by 3.6% compared with the end of last year.

The total assets of commercial banks grew steadily, with credit asset quality remaining basically stable, and overall ability to offset risks was sufficient. At the end of June, the RMB and foreign-currency assets of commercial banks totaled RMB344.92 trillion, up 11.1% year on year. The balance of NPLs reached RMB3.20 trillion, with a NPL ratio of 1.62% and allowance to NPLs of 206.13%. The capital adequacy ratio was 14.66%. Specifically, the RMB and foreign-currency assets of large commercial banks totaled RMB171.53 trillion, up 13.3% year on year. The balance of NPLs of large commercial banks reached RMB1.30 trillion, with a NPL ratio of 1.29% and allowance to NPLs of 249.75%. The capital adequacy ratio of large commercial banks was 16.89%.

In the first half of 2023, the Bank spared no effort to serve the development of Chinese modernization, took solid steps to maintain stable growth, adjust structure, cultivate new drivers of growth, prevent risks and successfully kicked start new tasks. The Bank maintained steady progress, improved quality in operation, and effectively implemented the key strategies. Additionally, it continuously enhanced its level of modernization in governance system and capacity and cemented the basis for high-quality development. The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker* for the eleventh consecutive year, and the 1st place in the list of commercial banks of the Global 500 in *Fortune* for the eleventh consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the seventh consecutive year, further enhancing ICBC's international influence.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In the first half of 2023, the Bank realized a net profit of RMB174,720 million, representing an increase of 1.1% as compared to the same period of last year. Annualised return on average total assets stood at 0.84%, and annualised return on weighted average equity was 10.51%. Operating income amounted to RMB428,906 million, recording a decrease of 3.4%. Specifically, net interest income was RMB336,987 million, dropping by 3.9%. Non-interest income reached RMB91,919 million, decreasing by 1.7%. Operating expenses amounted to RMB105,379 million, representing an increase of 2.8%, and the cost-to-income ratio was 23.29%. Impairment losses on assets were RMB122,255 million, indicating a decrease of 8.7%. Income tax expense decreased by 22.2% to RMB28,935 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	Six months ended 30 June 2023	Six months ended 30 June 2022	Increase/ (decrease)	Growth rate (%)
Net interest income	336,987	350,611	(13,624)	(3.9)
Non-interest income	91,919	93,550	(1,631)	(1.7)
Operating income	428,906	444,161	(15,255)	(3.4)
Less: Operating expenses	105,379	102,496	2,883	2.8
Less: Impairment losses on assets	122,255	133,849	(11,594)	(8.7)
Operating profit	201,272	207,816	(6,544)	(3.1)
Share of results of associates and joint ventures	2,383	2,187	196	9.0
Profit before taxation	203,655	210,003	(6,348)	(3.0)
Less: Income tax expense	28,935	37,184	(8,249)	(22.2)
Net profit	174,720	172,819	1,901	1.1
Attributable to:				
Equity holders of the parent company	173,744	171,670	2,074	1.2
Non-controlling interests	976	1,149	(173)	(15.1)

Net Interest Income

In the first half of 2023, net interest income amounted to RMB336,987 million, representing a decrease of RMB13,624 million or 3.9% as compared to the same period of last year. Interest income amounted to RMB696,583 million, growing by RMB77,374 million or 12.5%, and interest expenses rose by RMB90,998 million or 33.9% to RMB359,596 million. Due to multiple reductions in the LPR, a steady decrease in loan yield, and a rise in the average deposit interest rate driven by the increasing proportion of time deposits, annualised net interest spread and net interest margin were 1.52% and 1.72%, 33 basis points and 31 basis points lower than those of the same period of last year, respectively.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	24,402,847	477,435	3.95	21,522,717	442,754	4.15
Investment	9,931,498	165,748	3.37	8,636,742	140,806	3.29
Due from central banks[2]	3,185,687	26,216	1.66	2,893,046	20,976	1.46
Due from banks and other financial institutions[3]	1,904,974	27,184	2.88	1,748,700	14,673	1.69
Total interest-generating assets	**39,425,006**	**696,583**	**3.56**	**34,801,205**	**619,209**	**3.59**
Non-interest-generating assets	2,625,978			2,670,917		
Allowance for impairment losses on assets	(775,877)			(674,163)		
Total assets	**41,275,107**			**36,797,959**		
Liabilities						
Deposits	30,213,526	284,796	1.90	26,405,307	223,078	1.70
Due to banks and other financial institutions[3]	3,892,555	47,916	2.48	3,652,766	30,057	1.66
Debt securities issued and certificates of deposit	1,435,425	26,884	3.78	1,084,133	15,463	2.88
Total interest-bearing liabilities	**35,541,506**	**359,596**	**2.04**	**31,142,206**	**268,598**	**1.74**
Non-interest-bearing liabilities	2,169,204			2,141,722		
Total liabilities	**37,710,710**			**33,283,928**		
Net interest income		**336,987**			**350,611**	
Net interest spread			**1.52**			**1.85**
Net interest margin			**1.72**			**2.03**

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

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

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

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between six months ended 30 June 2023 and 30 June 2022		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	56,027	(21,346)	34,681
Investment	21,516	3,426	24,942
Due from central banks	2,371	2,869	5,240
Due from banks and other financial institutions	2,192	10,319	12,511
Changes in interest income	**82,106**	**(4,732)**	**77,374**
Liabilities			
Deposits	35,530	26,188	61,718
Due to banks and other financial institutions	3,006	14,853	17,859
Debt securities issued and certificates of deposit	6,582	4,839	11,421
Changes in interest expenses	**45,118**	**45,880**	**90,998**
Changes in net interest income	**36,988**	**(50,612)**	**(13,624)**

Note: Changes in volume are measured by the changes in average balances, while the changes in interest rate are measured by the changes in average interest rates. Changes resulted from the combination of volume and interest rate have been allocated to the changes resulted from business volume.

Interest Income

Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers was RMB477,435 million, RMB34,681 million or 7.8% higher compared to the same period of last year, as mainly affected by the increase of 13.4% in the average balance of loans and advances to customers.

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	5,475,802	88,686	3.27	4,448,509	75,541	3.42
Medium to long-term loans	18,927,045	388,749	4.14	17,074,208	367,213	4.34
Total loans and advances to customers	**24,402,847**	**477,435**	**3.95**	**21,522,717**	**442,754**	**4.15**

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

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	13,819,436	253,224	3.70	11,765,245	232,838	3.99
Discounted bills	1,120,051	8,701	1.57	652,362	6,975	2.16
Personal loans	8,117,960	178,036	4.42	7,853,841	185,854	4.77
Overseas business	1,345,400	37,474	5.62	1,251,269	17,087	2.75
Total loans and advances to customers	**24,402,847**	**477,435**	**3.95**	**21,522,717**	**442,754**	**4.15**

Interest Income on Investment

Interest income on investment amounted to RMB165,748 million, representing an increase of RMB24,942 million or 17.7% as compared to the same period of last year, mainly due to the increase of 15.0% in the average balance of investment.

Interest Income on Due from Central Banks

Interest income on due from central banks was RMB26,216 million, representing an increase of RMB5,240 million or 25.0% as compared to that of last year, principally due to the rising average interest rate of due from overseas central banks and the increased scale of due from domestic central bank.

Interest Income on Due from Banks and Other Financial Institutions

Interest income on due from banks and other financial institutions was RMB27,184 million, representing an increase of RMB12,511 million or 85.3% as compared to the same period of last year, primarily due to the ascending interest rate of foreign-currency lending funds.

Interest Expense

Interest Expense on Deposits

Interest expense on deposits amounted to RMB284,796 million, representing an increase of RMB61,718 million or 27.7% as compared to the same period of last year, mainly due to the increase of 14.4% in the average balance of due to customers and the increase of 20 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	6,885,096	93,395	2.74	5,511,411	68,937	2.52
Demand deposits	7,299,487	36,208	1.00	7,190,420	30,852	0.87
Subtotal	**14,184,583**	**129,603**	**1.84**	**12,701,831**	**99,789**	**1.58**
Personal deposits						
Time deposits	9,190,920	124,057	2.72	7,421,324	108,142	2.94
Demand deposits	5,814,584	7,775	0.27	5,317,036	9,014	0.34
Subtotal	**15,005,504**	**131,832**	**1.77**	**12,738,360**	**117,156**	**1.85**
Overseas business	**1,023,439**	**23,361**	**4.60**	**965,116**	**6,133**	**1.28**
Total deposits	**30,213,526**	**284,796**	**1.90**	**26,405,307**	**223,078**	**1.70**

Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB47,916 million, representing an increase of RMB17,859 million or 59.4% as compared to the same period of last year, principally attributable to the increase in the interest rates of foreign-currency borrowing funds.

Interest Expense on Debt Securities Issued and Certificates of Deposit

Interest expense on debt securities issued and certificates of deposit was RMB26,884 million, indicating an increase of RMB11,421 million or 73.9% over the same period of last year, mainly attributable to the increased scale of the negotiable certificates of deposit ("NCDs") issued by the Bank and certificates of deposit issued by overseas institutions, as well as the increased interest rates of overseas certificates of deposit.

Non-interest Income

In the first half of 2023, non-interest income decreased by RMB1,631 million or 1.7% to RMB91,919 million, accounting for 21.4% of the Bank's operating income. Specifically, net fee and commission income fell by RMB2,576 million or 3.4% to RMB73,465 million, and other non-interest income increased by RMB945 million or 5.4% to RMB18,454 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	Six months ended 30 June 2023	Six months ended 30 June 2022	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	24,398	24,186	212	0.9
Personal wealth management and private banking services	14,019	15,499	(1,480)	(9.5)
Investment banking business	13,677	12,983	694	5.3
Bank card business	10,234	8,681	1,553	17.9
Corporate wealth management services	6,863	8,070	(1,207)	(15.0)
Guarantee and commitment business	5,865	6,664	(799)	(12.0)
Asset custody business	4,380	4,598	(218)	(4.7)
Trust and agency services	1,372	1,268	104	8.2
Other	1,555	1,700	(145)	(8.5)
Fee and commission income	**82,363**	**83,649**	**(1,286)**	**(1.5)**
Less: Fee and commission expense	**8,898**	**7,608**	**1,290**	**17.0**
Net fee and commission income	**73,465**	**76,041**	**(2,576)**	**(3.4)**

In the first half of 2023, the Bank's net fee and commission income was RMB73,465 million, representing a decrease of RMB2,576 million or 3.4% as compared to the same period of last year. The income from bank card business recorded an increase of RMB1,553 million, principally due to the increase in income from merchant acquiring service fee, etc. The income from investment banking business recorded an increase of RMB694 million, mainly because of the increase in income from syndicate arrangement underwriting and management business. The income from settlement, clearing business and cash management recorded an increase of RMB212 million, as mainly benefited from the increase in income from agency foreign exchange trading business and RMB corporate settlement business. Affected by the volatile capital markets, changes in the investors' risk appetite and other factors, income from personal wealth management and private banking, corporate wealth management, asset custody and other businesses dropped. The decrease in fee rates for guarantee and commitment business resulted in a decline in relevant income. Fee and commission expense increased by RMB1,290 million, mainly due to the increase in the acquiring service fee.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	Six months ended 30 June 2023	Six months ended 30 June 2022	Increase/ (decrease)	Growth rate (%)
Net trading income	9,871	4,635	5,236	113.0
Net gains on financial investments	12,664	7,182	5,482	76.3
Other operating (expense)/income, net	(4,081)	5,692	(9,773)	(171.7)
Total	**18,454**	**17,509**	**945**	**5.4**

Other non-interest related gains amounted to RMB18,454 million, representing an increase of RMB945 million or 5.4% as compared to the same period of last year. Among these, the increase in net trading income was mainly due to the increase in bond investment income; the increase in net gains on financial investments was primarily a result of the increased valuation of bonds and funds; and other net operating expense was resulted from the net losses on exchange and exchange rate products.

Operating Expenses

In RMB millions, except for percentages

Item	Six months ended 30 June 2023	Six months ended 30 June 2022	Increase/ (decrease)	Growth rate (%)
Staff costs	63,000	62,777	223	0.4
Property and equipment expenses	13,706	13,591	115	0.8
Taxes and surcharges	5,498	4,918	580	11.8
Amortisation	2,126	1,637	489	29.9
Other	21,049	19,573	1,476	7.5
Total	**105,379**	**102,496**	**2,883**	**2.8**

Impairment Losses on Assets

In the first half of 2023, the Bank set aside the impairment losses on assets of RMB122,255 million, a decrease of RMB11,594 million or 8.7% as compared to the same period of last year. Specifically, the impairment losses on loans were RMB108,546 million, indicating an increase of RMB10,678 million or 10.9%. Please refer to "Note 9. to the Consolidated Financial Statements: Impairment Losses on Assets; Note 23. to the Consolidated Financial Statements: Impairment Allowance" for details.

Income Tax Expense

Income tax expense decreased by RMB8,249 million or 22.2% to RMB28,935 million as compared to the same period of last year. The effective tax rate was 14.21%, lower than the statutory tax rate of 25%, primarily because the interest income on Chinese government bonds and local government bonds were exempted from tax under the relevant tax law.

Summary Geographical Segment Information

In RMB millions, except for percentages

Item	Six months ended 30 June 2023 Amount	Six months ended 30 June 2023 Percentage (%)	Six months ended 30 June 2022 Amount	Six months ended 30 June 2022 Percentage (%)
Operating income	**428,906**	**100.0**	**444,161**	**100.0**
Head Office	22,147	5.2	59,158	13.3
Yangtze River Delta	80,294	18.7	74,762	16.8
Pearl River Delta	59,722	13.9	57,146	12.9
Bohai Rim	81,995	19.1	76,713	17.3
Central China	61,829	14.4	58,086	13.1
Western China	68,772	16.0	66,479	15.0
Northeastern China	16,202	3.8	14,323	3.2
Overseas and other	37,945	8.9	37,494	8.4
Profit before taxation	**203,655**	**100.0**	**210,003**	**100.0**
Head Office	(19,942)	(9.8)	7,296	3.5
Yangtze River Delta	46,209	22.7	40,135	19.1
Pearl River Delta	26,767	13.1	26,699	12.7
Bohai Rim	45,940	22.6	43,017	20.5
Central China	33,145	16.3	30,777	14.7
Western China	37,737	18.5	32,609	15.5
Northeastern China	8,043	4.0	3,345	1.6
Overseas and other	25,756	12.6	26,125	12.4

Note: Please see "Note 42. to the Consolidated Financial Statements: Segment Information" for details.

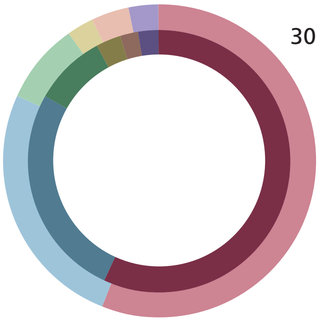
Balance Sheet Analysis

In the first half of 2023, the Bank earnestly implemented the macroeconomic and financial policies and regulatory requirements, coordinated and arranged the aggregate amount, structure and pace of assets and liabilities, and kept asset growth in line with economic development. The Bank invested in a balanced, coordinated and sustainable structure, and formed a diversified and robust asset layout featuring coordinated development of credit and non-credit, existing and new assets, on- and off-balance-sheet businesses, and domestic and overseas asset and liability businesses. The Bank persisted in relying on deposits as the main source of funds, actively responded to the trend of increasing proportion of long-term and time deposits, and strove to expand the sources of low-cost liabilities, providing a solid foundation for supporting high-quality development at the asset side.

Assets Deployment

As at the end of June, total assets of the Bank amounted to RMB43,669,606 million, RMB4,059,460 million or 10.2% higher than that at the end of the prior year. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB2,081,545 million or 9.0% to RMB25,291,921 million, investment increased by RMB721,429 million or 6.8% to RMB11,255,131 million, and cash and balances with central banks increased by RMB243,661 million or 7.1% to RMB3,671,553 million.

Structure of assets



In RMB millions, except for percentages

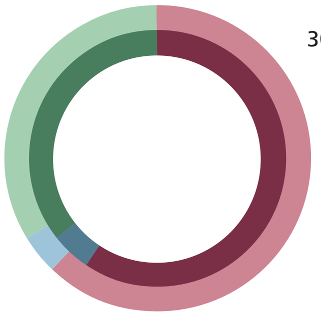
Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Total loans and advances to customers	25,291,921	—	23,210,376	—
Add: Accrued interest	60,528	—	53,524	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	750,354	—	672,224	—
Net loans and advances to customers[1]	24,602,095	56.3	22,591,676	57.0
Investment	11,255,131	25.8	10,533,702	26.6
Cash and balances with central banks	3,671,553	8.4	3,427,892	8.7
Due from banks and other financial institutions	1,232,233	2.8	1,192,532	3.0
Reverse repurchase agreements	1,693,205	3.9	864,122	2.2
Other	1,215,389	2.8	1,000,222	2.5
Total assets	**43,669,606**	**100.0**	**39,610,146**	**100.0**

Note: (1) Please see "Note 17. to the Consolidated Financial Statements: Loans and Advances to Customers" for details.

Loan

While maintaining stable and controllable asset quality, the Bank made every effort to enhance the endogenous driving force of credit structure adjustment and serve the real economy. The Bank continued to strengthen financial support for key areas and weak links such as manufacturing, strategic emerging industries, sci-tech innovation, green finance, inclusive finance and rural revitalization. As at the end of June, total loans amounted to RMB25,291,921 million, RMB2,081,545 million or 9.0% higher compared with the end of the previous year, of which RMB denominated loans of domestic branches increased by RMB1,994,425 million or 9.3% to RMB23,477,389 million.

Distribution of loans by business line



DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Corporate loans	**15,760,433**	**62.3**	**13,826,966**	**59.6**
Short-term corporate loans	3,755,221	14.8	3,150,517	13.6
Medium to long-term corporate loans	12,005,212	47.5	10,676,449	46.0
Discounted bills	**1,055,573**	**4.2**	**1,148,785**	**4.9**
Personal loans	**8,475,915**	**33.5**	**8,234,625**	**35.5**
Residential mortgages	6,374,390	25.2	6,431,991	27.7
Personal consumption loans	262,397	1.0	232,442	1.0
Personal business loans	1,189,042	4.7	930,040	4.0
Credit card overdrafts	650,086	2.6	640,152	2.8
Total	**25,291,921**	**100.0**	**23,210,376**	**100.0**

The Bank constantly intensified credit support for key areas such as manufacturing, strategic emerging industries, green finance and inclusive finance, deepened the corporate credit distribution for new manufacturing, new service, new basic industries and high-tech customer groups, and the Bank's corporate loans in key strategic regions such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing economic circle continued to grow. Corporate loans rose by RMB1,933,467 million or 14.0% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB604,704 million and RMB1,328,763 million respectively.

The Bank increased its preferential support for housing loans to benefit the people and better meet the rigid and improving housing needs of the residents. It scaled up the financing support for small and micro enterprise owners and individual businesses. Besides, the Bank vigorously developed the personal credit consumption loan business to promote the continuous recovery of consumption. Personal loans increased by RMB241,290 million or 2.9% compared with the end of last year. Specifically, personal consumption loans grew by RMB29,955 million or 12.9%, and personal business loans grew by RMB259,002 million or 27.8%.

Please see the section headed "Discussion and Analysis — Risk Management" for detailed analysis of the Bank's loans and their quality.

Investment

The Bank actively supported the implementation of national development strategies, stepped up efforts in serving the real economy and provided strong financial support for local economic development and expansion of quality enterprises. As at the end of June, investment amounted to RMB11,255,131 million, representing an increase of RMB721,429 million or 6.8% from the end of the previous year. Among these, bonds rose by RMB703,274 million or 7.0% to RMB10,766,844 million.

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	10,766,844	95.6	10,063,570	95.5
Equity instruments	192,193	1.7	190,869	1.8
Funds and other	176,245	1.6	168,855	1.6
Accrued interest	119,849	1.1	110,408	1.1
Total	**11,255,131**	**100.0**	**10,533,702**	**100.0**

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	7,982,371	74.2	7,422,555	73.8
Central bank bonds	36,400	0.3	56,817	0.5
Policy bank bonds	850,912	7.9	762,209	7.6
Other bonds	1,897,161	17.6	1,821,989	18.1
Total	**10,766,844**	**100.0**	**10,063,570**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB559,816 million or 7.5% over the end of last year; central bank bonds decreased by RMB20,417 million or 35.9%; policy bank bonds went up by RMB88,703 million or 11.6%; and other bonds increased by RMB75,172 million or 4.1%.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated[(1)]	76	0.0	284	0.0
Less than 3 months	877,814	8.2	694,517	6.9
3 to 12 months	1,196,300	11.1	1,372,035	13.6
1 to 5 years	3,854,985	35.8	3,649,538	36.3
Over 5 years	4,837,669	44.9	4,347,196	43.2
Total	**10,766,844**	**100.0**	**10,063,570**	**100.0**

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
RMB-denominated bonds	9,813,781	91.2	9,217,302	91.6
USD-denominated bonds	639,408	5.9	559,753	5.6
Other foreign currency bonds	313,655	2.9	286,515	2.8
Total	**10,766,844**	**100.0**	**10,063,570**	**100.0**

In terms of currency structure, RMB-denominated bonds rose by RMB596,479 million or 6.5% over the end of last year. USD-denominated bonds increased by an equivalent of RMB79,655 million or 14.2%; other foreign currency bonds increased by an equivalent of RMB27,140 million or 9.5%. During the reporting period, the Bank reasonably arranged the currency structure in consideration of bond liquidity, security and profitability, and improved the efficiency of foreign-currency fund use.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Financial investments measured at fair value through profit or loss	813,301	7.2	747,474	7.1
Financial investments measured at fair value through other comprehensive income	2,396,732	21.3	2,223,096	21.1
Financial investments measured at amortised cost	8,045,098	71.5	7,563,132	71.8
Total	**11,255,131**	**100.0**	**10,533,702**	**100.0**

As at the end of June, the Group held RMB1,956,383 million of financial bonds[1], including RMB850,912 million of policy bank bonds and RMB1,105,471 million of bonds issued by banks and non-bank financial institutions, accounting for 43.5% and 56.5% of financial bonds, respectively.

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Bond name	Nominal value	Annual interest rate (%)	Maturity date	Allowance for impairment losses[(1)]
Policy bank bonds 2015	22,120	4.21	13 April 2025	–
Policy bank bonds 2022	20,780	1.65	5 September 2023	–
Policy bank bonds 2020	19,460	3.23	23 March 2030	–
Policy bank bonds 2022	19,400	2.77	24 October 2032	–
Policy bank bonds 2020	18,044	2.96	17 April 2030	–
Policy bank bonds 2022	17,850	2.90	19 August 2032	–
Policy bank bonds 2019	17,244	3.45	20 September 2029	–
Policy bank bonds 2015	16,390	4.29	7 April 2025	–
Policy bank bonds 2019	16,269	3.48	8 January 2029	–
Policy bank bonds 2020	15,136	3.79	26 October 2030	–

Note: (1) Excludes stage 1 allowance for impairment losses set aside in accordance with the expected credit loss model.

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

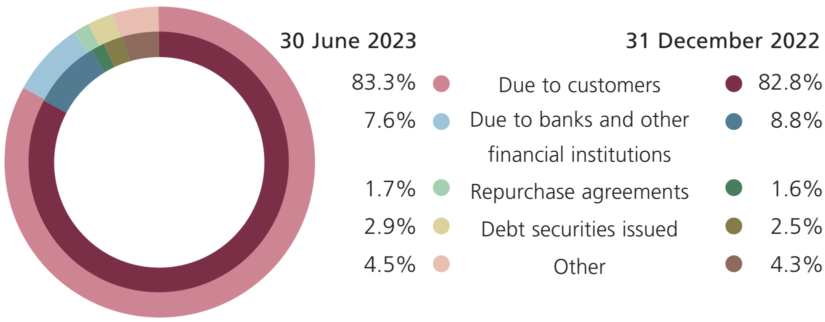
Reverse Repurchase Agreements

The reverse repurchase agreements were RMB1,693,205 million, an increase of RMB829,083 million or 95.9% compared to the end of last year, mainly because the Bank reasonably arranged fund operation strategies based on fund changes and increased the lending size.

Liabilities

As at the end of June, total liabilities reached RMB40,073,186 million, an increase of RMB3,978,459 million or 11.0% compared with the end of last year.

Structure of liabilities



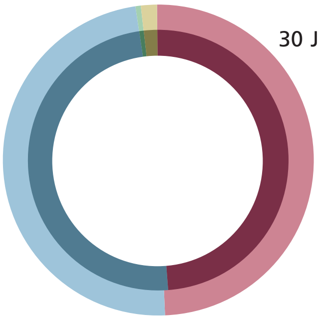
In RMB millions, except for percentages

	At 30 June 2023		At 31 December 2022	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	33,373,772	83.3	29,870,491	82.8
Due to banks and other financial institutions	3,050,944	7.6	3,187,712	8.8
Repurchase agreements	692,327	1.7	574,778	1.6
Debt securities issued	1,174,487	2.9	905,953	2.5
Other	1,781,656	4.5	1,555,793	4.3
Total liabilities	**40,073,186**	**100.0**	**36,094,727**	**100.0**

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of June, the balance of due to customers was RMB33,373,772 million, RMB3,503,281 million or 11.7% higher than that at the end of the previous year. In terms of customer structure, corporate deposits grew by RMB1,874,048 million or 12.8%; and personal deposits increased by RMB1,577,208 million or 10.8%. In terms of maturity structure, time deposits rose by RMB3,627,306 million or 23.9%, while demand deposits decreased by RMB176,050 million or 1.3%. In terms of currency structure, RMB deposits stood at RMB31,516,453 million, an increase of RMB3,363,439 million or 11.9%. Foreign currency deposits were equivalent to RMB1,857,319 million, an increase of RMB139,842 million or 8.1%.

Distribution of due to customers by business line



DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Corporate deposits				
Time deposits	8,656,462	26.0	6,594,898	22.1
Demand deposits	7,888,740	23.6	8,076,256	27.0
Subtotal	**16,545,202**	**49.6**	**14,671,154**	**49.1**
Personal deposits				
Time deposits	10,119,661	30.3	8,553,919	28.6
Demand deposits	6,002,853	18.0	5,991,387	20.1
Subtotal	**16,122,514**	**48.3**	**14,545,306**	**48.7**
Other deposits(1)	**230,591**	**0.7**	**199,465**	**0.7**
Accrued interest	**475,465**	**1.4**	**454,566**	**1.5**
Total	**33,373,772**	**100.0**	**29,870,491**	**100.0**

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

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Head Office	31,886	0.1	35,579	0.1
Yangtze River Delta	7,057,345	21.1	6,249,754	20.9
Pearl River Delta	4,712,013	14.1	4,048,164	13.6
Bohai Rim	8,655,877	25.9	7,629,312	25.5
Central China	4,908,157	14.7	4,455,782	14.9
Western China	5,174,354	15.5	4,776,285	16.0
Northeastern China	1,743,213	5.2	1,608,543	5.4
Overseas and other	1,090,927	3.4	1,067,072	3.6
Total	**33,373,772**	**100.0**	**29,870,491**	**100.0**

Debt Securities Issued

The debt securities issued were RMB1,174,487 million, an increase of RMB268,534 million or 29.6% compared to the end of last year, mainly because of the increase in the size of NCDs and tier 2 capital bonds issued by the Bank.

Shareholders' Equity

As at the end of June, shareholders' equity amounted to RMB3,596,420 million in aggregate, RMB81,001 million or 2.3% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB79,890 million or 2.3% to RMB3,575,999 million. Please refer to the "Consolidated Financial Statements: Consolidated Statement of Changes in Equity" for details.

Off-balance Sheet Items

The off-balance sheet items of the Bank mainly include derivative financial instruments, contingencies and commitments. For details on the nominal amount and fair value of derivatives financial instruments, please refer to "Note 15. to the Consolidated Financial Statements: Derivatives Financial Instruments". For details on contingencies and commitments, please refer to "Note 40. to the Consolidated Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB1,297,269 million, representing a decrease of RMB113,136 million as compared to the same period of last year, mainly attributable to the year-on-year increase in net increase of loans and advances to customers. Specifically, cash outflows of operating assets increased by RMB324,211 million and cash inflows of operating liabilities increased by RMB269,098 million.

Net cash outflows from investing activities amounted to RMB456,821 million. Specifically, cash inflows were RMB2,010,493 million, representing an increase of RMB325,976 million as compared to the same period of last year, mainly due to the increased cash proceeds from the sale and redemption of financial investments; and cash outflows were RMB2,467,314 million, representing an increase of RMB101,667 million, mainly due to the increase in cash payment for financial investments.

Net cash inflows from financing activities amounted to RMB231,872 million, of which, cash inflows were RMB718,126 million, representing an increase of RMB221,930 million as compared to the same period of last year, mainly due to the increased cash proceeds from the issuance of debt securities; and cash outflows were RMB486,254 million, representing an increase of RMB20,256 million as compared to the same period of last year, mainly due to the increased cash payment for repayment of debt securities and interest payment of debt securities.

Changes of Major Accounting Policies

Since 2017, the International Accounting Standards Board has successively promulgated IFRS 17 – Insurance Contracts and the Amendments to IFRS 17. In accordance with the implementation requirements of the International Accounting Standards Board, the Group has implemented the above-mentioned new IFRS since 1 January 2023. Please refer to "Note 2. to the Consolidated Financial Statements: Basis of Preparation and Material Accounting Policy Information" for details.

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

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the six months ended 30 June 2023 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

BUSINESS OVERVIEW

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Operating income	**428,906**	**100.0**	**444,161**	**100.0**
Corporate banking	201,765	47.0	208,992	47.0
Personal banking	168,944	39.4	177,212	39.9
Treasury operations	55,464	12.9	54,030	12.2
Other	2,733	0.7	3,927	0.9
Profit/(loss) before taxation	**203,655**	**100.0**	**210,003**	**100.0**
Corporate banking	60,960	29.9	92,733	44.2
Personal banking	103,749	50.9	98,625	47.0
Treasury operations	35,171	17.3	19,837	9.4
Other	3,775	1.9	(1,192)	(0.6)

Note: Please see "Note 42. to the Consolidated Financial Statements: Segment Information" for details.

Corporate Banking

The Bank stepped up efforts in dissemination of prudent monetary policy, focused efforts on early links, and deepened the corporate credit layout of new manufacturing, new services, new basic industries and high-tech customer groups in a bid to increase targeted supports for the real economy. Focusing on the goal of "larger quantity, better quality and bigger percentage", the Bank carried out the "Financial Service Foundation Enhancement Program for Manufacturing" to fuel high-quality development of the industry. It deepened the campaign of "Financial Service for National High-tech Industrial Development Zones and High-tech Enterprises" on sci-tech finance, founded the first sci-tech finance innovation service center in collaboration with the Ministry of Science and Technology, and steadily expanded the operational capacity of sci-tech finance entities. Besides, it continued to advance digital transformation of corporate banking with an aim of "empowering customers, serving employees".

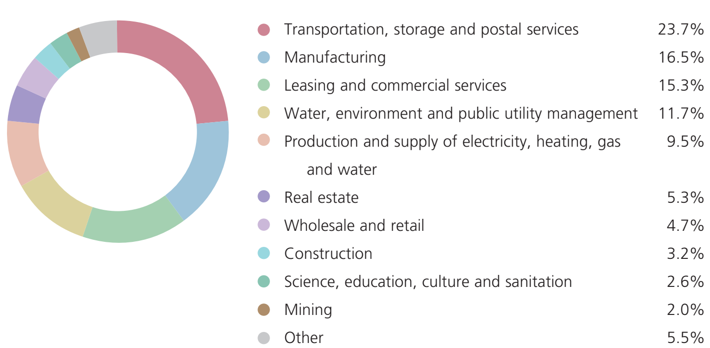
✧ Development engines were more powerful. Focusing on building a customer structure composed of large, medium, small and micro enterprises and personal customers in balanced proportions, the Bank refined the systematized marketing scheme and continuously pushed forward the digital transformation of corporate banking. The Bank deepened the construction of the EA digital operation management platform for corporate banking, which has by far reached over 1.6 million customers. It stepped up the development of "Marketing Express", a marketing system for corporate banking account managers, to boost digital, intelligent transformation of the traditional marketing mode. It continuously enhanced the financial service capability of "ICBC Finance Pool", embedded in the platform some digital transformation scenarios targeted at top industrial leaders, and realized through the platform the delivery of comprehensive financial services tailored to customers' personalized needs such as account management, financing management, bill management, risk management and data view. At the end of June, the Bank recorded 11,437 thousand corporate customers, up 744 thousand over the end of last year.

✧ The Bank stepped up efforts to serve the real economy. At the end of June, corporate loans rose by RMB1,933,467 million or 14.0% from the end of the previous year to RMB15,760,433 million, representing the biggest increment and growth rate in the recent 10 years. Besides, it enhanced supports for the high-quality development of manufacturing. The balance of loans to manufacturing grew by RMB603,386 million to RMB3.64 trillion, ranking first among the Bank's peers. Specifically, the Bank topped the industry in terms of balance and increment of medium to long-term loans to manufacturing. The Bank supported the high-level self-reliance and self-enhancement in science and technology. It increased financial services for SRDI enterprises, and the balance of loans for SRDI enterprises increased by RMB42,839 million or 23.4% to RMB225,550 million. The balance of loans to strategic emerging industries stood at RMB2.36 trillion, representing an increase of RMB603,823 million. The balance of loans to private enterprises was RMB5.08 trillion, representing an increase of RMB498,503 million. Moreover, the Bank propelled the green development with green finance, and the balance of green loans (under the criteria of NAFR) exceeded RMB5 trillion, ranking first among the Bank's peers in terms of the balance and the increment. In the first half year, ICBC, as the lead underwriter, underwrote RMB40,471 million worth of green bonds.

✧ The deposit growth reached a new high. The Bank pressed forward with high-quality development of corporate deposits through some fundamental projects including "Net Making and Patching", systematic marketing, enhancing the competitiveness of outlets, GBC interactions, fund retention, etc. At the end of June, corporate deposits amounted to RMB16,545,202 million, up RMB1,874,048 million or 12.8%.

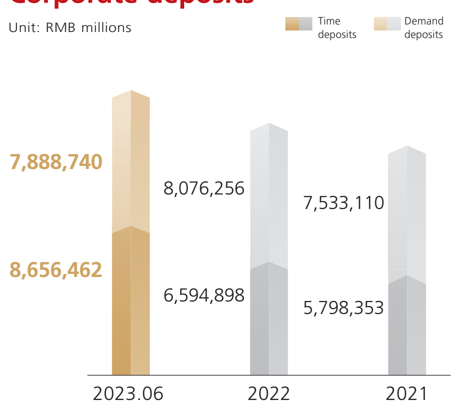
✧ Focusing on the areas of ensuring the supply of strategic resources for services, supporting infrastructure interconnectivity, helping Chinese manufacturers "Go Global" and facilitating China's green, low-carbon development, the Bank supported Chinese enterprises' Belt and Road projects, supported small and beautiful projects, and won the "Project Finance House of the Year, China" award from *The Asset* for the second consecutive year.

Corporate loans of domestic branches by industry of loan customers



Corporate deposits

Unit: RMB millions



Inclusive Finance

The Bank promoted high-quality development of inclusive finance to satisfy demands of the real economy. It improved the direct accessibility of financial services for small and micro enterprises through building an online-offline integrated system. It developed three major digital inclusive product systems, namely, Quick Lending for Operation (credit product), Online Revolving Loan (collateral-based product) and Digital Supply Chain (trading product) to improve the suitability of inclusive finance. It also refined the comprehensive financial service system of "financing, consulting and commercial services" to assist the expansion of small and micro enterprises. The Bank strengthened the "intelligent control + manual control" risk control system to ensure long-term sustainable development of inclusive financial services.

At the end of June, the balance of inclusive small and micro enterprise loans amounted to RMB2,049,212 million, representing an increase of RMB498,896 million or 32.2% over the beginning of the year. Inclusive small and micro enterprise loan customers numbered 1,269 thousand, representing an increase of 253 thousand. The average interest rate of inclusive small and micro enterprise loans newly granted in the first half of the year was 3.64%.

ICBC Witnessed an Improvement in Quality and Efficiency of Serving Small and Micro Enterprises

Centering on the needs of the real economy and the customers, ICBC capitalized on its expertise to press for high-quality development of inclusive finance services in accordance with the principle of business sustainability. At the end of June, the balance of inclusive finance exceeded RMB2 trillion, and the number of inclusive loan accounts reached 1,269 thousand.

I. Exploring Digital Development Paths for Inclusive Finance to Enhance Suitability of Financial Services

The balance of digital inclusive loans grew by RMB480.0 billion from the end of last year to over RMB1.7 trillion, accounting for over 80% of the balance of inclusive loans. The Bank has launched three inclusive finance product lines, namely, Quick Lending for Operation, e-Mortgage Quick Loan and Digital Supply Chain, to fully satisfy small and micro enterprises' demands for unsecured, mortgaged/pledged and trading financing. Besides, business procedures were continuously improved, the efficiency in handling business was boosted, and the Bank's capability to provide small-value, unsecured financing services was enhanced to improve customer experience. Innovation in regional business was made in accordance with local conditions, and more inclusive products, scenarios and services with regional features were developed and launched.

II. Establishing Online and Offline Integrated Accessibility System to Make Customer Financing More Convenient

The Bank promoted balanced development of online and offline accessibility, accelerated the integrated advancement of developing digital inclusive finance, shifted the focus of service to lower-tier markets, and promoted their mutual empowerment. Online channels, including mobile banking and corporate internet banking, offered around-the-clock online application and online handling financial services to small and micro enterprises, and data analysis was strengthened to precisely meet customer needs, with enhanced service accessibility and suitability. As for offline operation, the Bank further shifted the focus of inclusive finance to primary-level outlets, optimized their mode of operation in inclusive finance to increase service efficiency, and extended the availability of inclusive services to counties and towns so that small and micro enterprises can have access to accessible financial services anytime, anywhere.

III. Insisting on Delivering Comprehensive Inclusive Finance Services of "Financing, Consulting and Commercial Services" to Aid High-quality Development of Small and Micro Enterprises

The Bank continued to carry out the campaigns of "ICBC Inclusive Finance Travel" and "Ten Thousand Small and Micro Enterprises Growth Plan" designed to introduce inclusive finance services to the campuses, the enterprises and the market. The consultation platform "ICBC e Intelligence" was open to small and micro enterprises to fully satisfy their demands for financial affairs, management and so on. The intelligent, whole-process platform "ICBC Business Matchmaker" provided one-stop services including product recommendation and financing support for small and micro enterprises around the clock. The platform has by far attracted over 220 thousand enterprises.

IV. Continuously Improving Risk Management to Ensure Long-term Sustainability of Inclusive Finance

The Bank constructed a whole-process risk control system for inclusive finance that is characterized by digital access, smart risk control and online and offline cross-verification, which helped maintain a good level of asset quality. In the pre-lending stage, the Bank used FinTech to forestall risks through building a high quality customer screening model and supplementing it with online and offline cross-verification by branches/sub-branches. During the lending process, the Bank set up a multi-dimension credit risk monitoring system of "1 (customer) + N (products)" that exerts dynamic monitoring and issues real-time alerts. In the post-lending stage, the Bank optimized the procedures of loan recovery, litigation, evaluation and write-off, and improved auxiliary measures such as smart loan recovery and list-based evaluation, thereby enhancing the effectiveness of loan disposal.

Institutional Banking

- In close cooperation with the Chinese government, the Bank actively served reforms of government bodies through offering high-quality financial services to newly established institutions, and consolidated its leading edge in the field of bank-government collaboration. The Bank also profoundly participated in China's social security insurance reform and medical insurance reform, accelerated the implementation of the supporting program for national pension insurance fund pooling, and delivered supporting services for reform on medical insurance mobile payment and clearing.
- The Bank continuously optimized "Gong Tong Ying" (ICBC Win-Win), a comprehensive service platform for peers to release the potential of cooperation with peers and make concerted efforts with peers to increase supports for the real economy. Besides, efforts were made to construct an ecosystem of cooperation with peers, and expand the marketing coverage of third party depository service, further cementing the Bank's leading marketing position. The central counterparty clearing service of foreign currency pair transactions for Shanghai Clearing House has been successfully launched.
- Innovative services in the educational and sci-tech field were deepened. ICBC has cooperated with 2,850 education authorities in the supervision of off-campus training funds custody. Furthermore, it was the first in the industry to launch the "Intelligent Vocational Education Cloud" to advance the development of vocational education.
- Innovation in services for agriculture, rural areas and farmers was accelerated. The comprehensive services platform "Digital Villages" has cumulatively covered 335 prefecture-level cities in 31 provinces, and carried out information cooperation with 1,189 county- or higher-level administrations of agriculture and rural affairs.

Settlement and Cash Management

- In accordance with the requirement of the State-owned Assets Supervision and Administration Commission ("SASAC") for building a treasury system, the Bank seized the opportunity of treasury system construction to optimize bank-enterprise service and increase the stickiness of central enterprises. ICBC kept a market leading position in treasury services for central enterprises, with cash management business covering all central enterprises directly under supervision of SASAC. Moreover, the Bank actively offered funds management service and system development services for local state-owned enterprises in an effort to deepen cooperation in cash management.
- ICBC profoundly participated in the building of overseas treasury centers for multinational enterprises, implemented the pilot policy of integrated domestic and foreign currencies integrated cross-border cash pool, and constructed an efficient, intelligent platform for cross-border settlement that offers integrated solutions covering account information management, global payment and receipt management, positions management, investment and financing management, foreign currency risk management, etc.
- Relying on the Group's FinTech capability, the Bank fully utilized cooperation with the Group, and established an all-product system of deposit, wealth management, fund, bond, etc. for corporate customers so as to better enable enterprises to enhance funds allocation efficiency and realize financial asset appreciation.
- At the end of June, the Bank maintained 13,027 thousand corporate settlement accounts, representing an increase of 744 thousand over the end of the previous year. It had 1,872 thousand cash management customers, including 10,935 global cash management customers. The volume of corporate settlements reached RMB1,207 trillion in the first half of the year.

Investment Banking

- With a focus on key areas such as the reform of state-owned enterprises, capital market and industrial integration, the Bank stepped up supports for M&A transactions in the fields of manufacturing, SRDI enterprises, strategic emerging industries, etc. through offering whole-process, whole-chain, all-dimension services of "M&A-related financing + consultation + investment", maintaining a leading share of M&A financing at home. By the number of M&A deals led by the Bank, the Bank ranked first in China in Refinitiv's ranking of Any Chinese Involvement Completed and first in the ranking of China Outbound Announced M&A.

- The Bank fully supported the revitalization of idle assets, expanded effective investments, and provided "toolkit" for revitalizing idle assets to propel high-quality development of the real economy. It actively expanded whole-process services for enterprises' asset securitization and developed the "REITs+" product system to satisfy enterprises' demands for idle asset revitalization in different stages. It also actively provided services for industrial funds, and assisted strategic emerging industries in enlarging the proportions of equity capital and social direct financing. Centering on service scenarios and driven by the construction of a think tank service ecosystem and the delivery of professional risk control expertise, the Bank continued to upgrade the digital, intelligent investment banking products such as "ICBC ISP", "ICBC e Intelligence", "ICBC e Security", "ICBC e RM" and "ICBC e Confirmation Service".

- The Bank retained its leading position in the bond underwriting business. During the first half of 2023, it underwrote 1,294 bonds as lead underwriter in the domestic market, with a total issuance volume of RMB1,020,401 million. Tapping into its business advantages, the Bank facilitated the implementation of green development, rural revitalization and other key strategies. In the first half year, as lead underwriter, the Bank underwrote ESG bonds with a total amount of RMB67,088 million, including green bonds and CSR bonds. Moreover, in active implementation of China's major regional strategies, the Bank underwrote RMB264,942 million of credit bonds for key regions including Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing region.

Bills Discounting Business

- The Bank increased supports for discounted bill financing demands of manufacturing enterprises in an active effort to promote targeted "irrigation" to the real economy entities. It actively explored new scenarios in the supply chain mode of discounted bill business, and successfully handled the "discounting + rediscounting" business of supply chain bills. While enhancing the financial service capability for the development of agriculture, rural areas and farmers through discounted bills, the Bank intensified marketing promotion of the business, and offered exclusive discounted bill financing services for key agro-related areas and agro-related industrial clients through "ICBC Prosperous Agriculture Discounting".

- In the first half of the year, the value of bills discounting business amounted to RMB1,060,646 million, maintaining the Bank's leading position in the market.

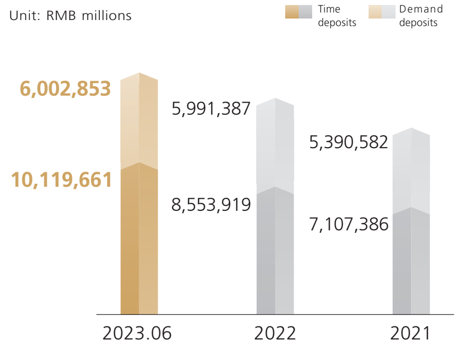
Personal Banking

In the first half of 2023, the Bank, in active response to changes in the external market, policies and regulatory environments, accelerated the implementation of the strategy of building the "No.1 Personal Bank", and made breakthroughs in high-quality development.

- Focusing on the ecosystem building for customer groups, the Bank ensured the supply of products and services while developing new customers and enhancing service quality and efficiency for existing customers. Adopting a customer-centered approach, it stepped up overall business planning and coordination, and developed a new full-process service model of credit card, credit loan and collateralized loan to satisfy customers' diversified financing demands. In addition, the Bank built a mega wealth management system, established an all-market product selection mechanism, and set up an open and high-quality product shelf covering all product varieties, with the aim of deepening companionship for individual customers throughout the whole journey. Moreover, efforts were stepped up to build an "own + third-party + e-CNY" payment eco-sphere that offers intelligent and scenario-based payment and settlement services.
- The Bank built a multi-layer customer segmentation system for all customers, promoted the transition from "selling products" to "serving customers", strengthened the coordinated operation of the three ends of GBC, and seized new business opportunities in new urban residents, individual pension and other areas. To further accelerate the digital transformation of the personal banking segment, the Bank, focusing on the key personal banking areas, continued to promote key projects such as "Intelligent Brain", "Wealth Management Community" and "Marketing Express", and launched new products and features including cash management service "Tian Tian Ying", automatic investment plan, commercial pension insurance and intelligent search for personal loans.
- The personal banking product line was enriched, and the open-end "Wealth Management Community" was put in online operation. The Bank launched the quick large-sum redemption cash management service "Tian Tian Ying", as well as the robust product series "Zhou Zhou Li", "Yue Yue Le" and "Ji Ji Xiang" to better satisfy customer needs. To extend greater green credit supports, the Bank directly cooperated with new energy automobile makers in embedding personal credit loans into the new energy auto sales scenario with simplified loan procedures, which greatly improved customer experience. In cooperation with key insurance companies in marketing activities, the Bank introduced a series of measures including "Gu Bao Insurance Training Program", resulting in a rapid growth of commission-based insurance sales.
- The Bank received the "Best Wealth Management Bank in Asia Pacific" and "Best Digital Brand Initiative" award from *The Asian Banker*. At the end of June, the number of personal customers increased by 9.05 million as compared to the end of the previous year to 729 million. ICBC was the first to see its personal financial assets exceed RMB20 trillion, cementing its No.1 place in China's banking industry.

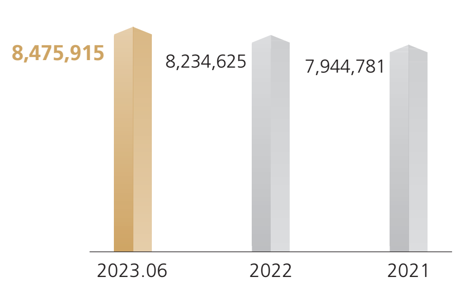
Personal deposits

Unit: RMB millions



Personal loans

Unit: RMB millions



ICBC Made Achievements in the Mega Wealth Management System

Since the beginning of this year, the Bank, guided by a goal to create value for customers, actively explored how to increase property-derived income of urban and rural residents through various channels, focused on enhancing its capability of offering asset configuration services to the masses, and developed a comprehensive mega wealth management system. In the first half of this year, the Bank was the first to see its domestic personal assets under management (AUM) exceed RMB20 trillion, representing an increase of RMB1.38 trillion from the beginning of the year, the highest increment in history. The number of personal customers of the Bank's wealth management business exceeded 60 million. The Bank was awarded the "Best Wealth Management Bank in Asia Pacific" in the selection of "Excellence in Retail Financial Services Awards 2023" by *The Asian Banker*.

I. Building an Open Platform to Achieve Mutual Enhancement in Self-value and Customer Value

With the "customer-centered" development philosophy and an open mindset, the Bank set up a whole market product selection mechanism, built a product shelf that is open, inclusive and high in quality, and promoted the building of the online Wealth Management Community. In the first half of the year, the Bank seized the opportunity of the "ICBC Wealth 518" campaign to launch an innovative cash management service "Tian Tian Ying" and introduce more low-risk and stable products tailored to customers' demands for prudent investment, thereby improving their experience of earning profits. At the end of June, "Wealth Management Community" recorded over 16.50 million fans and cumulative online sales of funds and wealth management products totaling RMB172.6 billion by over 1.50 million customers, and advantages of intensive operation began to show.

II. Forging Specialized Capabilities to Realize Whole-journey Companionship for Fortune Management

On the one hand, the Bank continuously pressed forward with top design of wealth management and increased supply of quality products in conjunction with its integrated subsidiaries like ICBC Credit Suisse Asset Management, ICBC-AXA and ICBC Wealth Management. Through continuously improving the building of the wealth management investment research team and giving it a role as "decision center", the Bank monitored market changes, and, based on intensive analysis and judgement, dynamically optimized the layouts of funds, insurance and wealth management products. In the meantime, specialized training was offered in a well-planned manner to empower the wealth manager team and improve their service capability. On the other hand, with a focus on the transformation of the wealth management market and an orientation to "managing wealth for customers and steadily creating value", the Bank continued the serial campaigns of Intelligent Wealth Management, "Preferential Treatment for 100 Days" etc., started the initiative of developing an investor education brand "Intelligent Wealth Management" and built a wealth management investment education system that is rule-based, intelligent and branded to help customers develop correct investment perspectives and strengthen their awareness of risk prevention.

III. Enhancing Digital Accessibility to Expand Availability of Services to All Customers

With the resolution of urgent and difficult problems facing the public as a starting point and focusing on key areas such as new urban residents, individual pension, etc. and key customer groups, the Bank's Head Office and branches, leveraging on "Intelligent Brain", the personal banking marketing coordination center, which, based on comprehensive and accurate customer profiling and AI models, jointly operated over 4,000 personal banking marketing strategies regularly, covering over 6,000 mega personal banking products and services. The "Intelligent Brain" is able to generate personalized wealth management service scheme for personal banking customers on a real-time basis and recommend suitable products to suitable customers in a suitable way, better fulfilling the different investment and wealth management needs of different customers. Meanwhile, the Bank continued to strengthen its digital operation capability, and strove to offer a wide range of personalized asset allocation solutions to all customers, thus ensuring the services available to all customers and offering wealth management services to common households.

Private Banking

- The Bank improved and upgraded the service mechanism for the entrepreneur customer group, advanced the launch of the segmented entrepreneur customer service program and put in service a comprehensive service system for entrepreneurs engaged in sci-tech innovation, named "ICBC Sci-Tech Innovation for Family & Enterprise Forward Together". The family trust business witnessed an accelerated growth, and family assets in trust augmented by RMB9.17 billion or 46% to RMB29.18 billion during the first half year. Shenzhen Branch, Hebei Branch and Qinghai Branch launched the new 2.0 mode of insurance trust.
- The Bank, in collaboration with trust agencies, launched the first charitable trust in Donor-advised Fund (DAF) mode in China, hosted the "Partners in Innovation for A Brighter Future" philanthropic forum, and donated to the "Rural Revitalization Bellwether Plan", "Sanjiangyuan Wild Animal Protection Fund" and "Greater Bay Area Universities Fund".
- The *Professional Wealth Management* (PWM) magazine of the *Financial Times* awarded the Bank with "Best Private Bank for Customer Acquisition – Asia" and "Best Private Bank for Big Data Analysis and Artificial Intelligence – China". At the end of June, the Bank maintained 262 thousand private banking customers, representing an increase of 36 thousand or 15.9% from the end of the previous year. Assets under management totaled RMB2.96 trillion, an increase of RMB338.6 billion or 12.9%.

Bank Card Business

- The Bank advanced the digital ecosystem building project. It upgraded the ICBC e Life platform, stepped up efforts in ecosystem building and built eight sub-ecosystems, namely, dining in restaurant, takeout, installment payment for travels, life of vehicle owners, boutiques, shops (convenient shop, shop and supermarket), theme park and digital cinema, offering service for all personal customers.
- The Bank was devoted to supporting the expansion of domestic demands and the stabilization of economic growth. It launched a package of incentive measures including preferential interest rate, consumption subsidy, etc. for an action to "stimulate domestic demands and consumption in cooperation with tens of millions of merchants to offer preferential services for hundreds of millions of customers". The Bank also launched over 300 promotional activities for five key scenario categories, namely, travel, hotel, scenic spot, dining and e-commerce, in support of the "Consumption Boost Year", "100 Districts in 100 Cities" and "China's Tourism Day" campaigns organized by the Ministry of Commerce and the Ministry of Culture and Tourism. Putting more efforts in promoting installment payment business, the Bank launched the fully-online "Furnishing with One Button" service and cooperated with more quality auto makers and furnishing brands in installment payment business.
- As at the end of June, the Bank had issued 1,235 million bank cards, up 16.44 million over the end of the previous year, including 1,071 million debit cards and 164 million credit cards. The balance of credit card overdrafts was RMB650,086 million. In the first half of the year, ICBC bank cards registered a spending volume of RMB10.30 trillion, including RMB9.21 trillion from debit cards and RMB1.09 trillion from credit cards.

Asset Management Services

Actively seizing opportunities for development and strictly implementing regulatory requirements, the Bank enhanced its investment management and research capabilities and tried to satisfy diversified financial demands at the two ends of product and investment. At the product end, it improved the professionalism of financial services such as wealth management, fund, insurance, pension, etc. and developed the "ICBC Asset Management" brand to satisfy customers' demands for wealth preservation and appreciation. In terms of wealth management, the Bank launched exclusive products for new urban residents and rural revitalization products, took the lead to issue the first personal pension product, and leveraged on its advantage in inclusive wealth management service to better satisfy diversified demands of investors. In terms of fund, it actively catered to diversified demands of investors and bettered companionship for them through tapping into its comprehensive advantages such as great business varieties, a rich product system and good performance in medium- and long-term investment. In terms of insurance, the Bank vigorously explored the issuance of insurance asset management products, strengthened its diversified investment and project development capabilities, and actively enhanced the quality and efficiency of response to customer demands. At the investment end, the Bank capitalized on the wealth management, fund and insurance licenses of its integrated subsidiaries, focused on product selling through various channels, project recommendation and risk control, and intensified supports for investments in high-end manufacturing, SRDI enterprises, inclusive small and micro enterprises, sci-tech innovation, green development and so on, in a bid to fuel China's modern economy system building with new development philosophy.

Wealth Management Services

- At the end of June, the balance of wealth management products reached RMB1,792,407 million, of which RMB1,502,055 million was the balance of wealth management products of ICBC Wealth Management. Please refer to the section headed "Business Overview — Comprehensive Operation" for details on the business development of ICBC Wealth Management.

Asset Custody Services

- The Bank launched the New Energy REIT – China Securities & SPIC New Energy REIT Custody Project, which is the first of such kind in the market. It successfully marketed several mutual funds designed to assist in the integrated development of strategic emerging industries, such as ESG Sustainable Investment Fund, Vaccine and Biotechnology Index Fund, and AI Index Fund. At the end of June, the insurance assets under custody totaled RMB6.9 trillion, the mutual funds under custody amounted to RMB3.7 trillion, and the pension funds under custody of the Bank totaled RMB2.7 trillion, all ranking first in the industry.
- The Bank deepened the reform on "centralized operation" of custody business, refined the business development mechanism, and enhanced the operational quality and efficiency of the business. Besides, it actively constructed a digital ecosystem for the custody business, empowered the business through applying such new technologies as OCR, RPA, NLP and biometric authentication, and offered close to 200 clients with such value-added services as performance analysis, fund transaction facilitation, bond default alert, etc. with the use of the financial cloud technology.
- At the end of June, assets under custody[1] reached RMB21.7 trillion, which included assets under administration of RMB2.3 trillion. ICBC was awarded the "Best Custodian Bank, Onshore, China", the "Best Custodian Bank-Insurance, China" and "Best Custodian Bank-Mutual Funds, China" by *The Asset*, as well as the "Best Custodian Bank in China" by *The Asian Banker*.

Pension Services

- The Bank advanced the overall planning of pension finance in an orderly manner. It pushed forward the digital renovation of pension finance and initiated the building of the pension finance data platform. With a focus on building an eco-sphere of pension finance customers, the Bank has made achievements in developing a new "Pension + Finance" service pattern. Therefore, the Bank was granted the "Award of Best Pension Finance Service" by *Retail Banking* and *Digital Banking*.
- The management of personal pension was improved. The Bank continuously optimized the features of the personal pension system to provide a better user experience for customers. Moreover, it cooperated with large-scale internet platforms, government service platforms and group enterprises in personal pension account opening, and launched online direct selling service in collaboration with 42 fund distribution agencies and 12 insurers, giving personal customers a wider selection of pension account choices.
- At the end of June, the entrusted annuity funds amounted to RMB516.2 billion. The Bank managed 12.78 million individual enterprise annuity accounts, and the annuity funds under custody reached RMB1,321.6 billion. The Bank ranked first among peers in terms of the scale of entrusted enterprise annuity funds, number of individual enterprise annuity accounts and annuity funds under custody.

Financial Market Business

Money Market Activities

- In terms of RMB, the Bank took the initiative to increase financing and assisted in maintaining a proper and adequate level of liquidity supply and the stable operation of interest rates in the interbank money market. The Bank kept a close eye on the macro situation and market trends, scientifically formulated financing strategies, designed financing varieties and maturity structure reasonably, and improved the efficiency of capital operation. The Bank persisted in taking the initiative to prevent risks, continued to improve rules and systems, strictly implemented risk control requirements, and ensured business compliance.

1 The size of custody business excludes the fund supervision business.

- ✧ In terms of foreign currencies, the liquidity reserves were continuously consolidated, with the size and term of money market lending properly controlled and the money market operations flexibly conducted. The Bank continued to press forward with system development and policy building to improve liquidity management and risk control in the business.

Investment

- ✧ In terms of RMB bonds, the Bank continuously consolidated its advantage in government bond investment, offered strong capital supports for economic development and facilitated enterprise bond investments in key fields such as green development, advanced manufacturing and sci-tech innovation.
- ✧ In terms of foreign currency bonds, the Bank constantly strengthened study and judgment on the trends of foreign currency interest rates and credit spread and steadily engaged in foreign currency bond investment. The Bank dynamically adjusted the structure of investment portfolios, continuously improved the security and yields of the portfolios, and stepped up supports for the real economy, green finance and so on. Furthermore, it activated the offshore market and steadily advanced "Southbound Connect" transactions.

Financing Business

- ✧ The Bank played an active role as the main channel of disseminating monetary policy, and actively engaged in non-settlement deposits with banks and other financial institutions, thereby contributing to maintaining reasonably adequate liquidity on the market. In line with China's policy orientation, the Bank steadily handled inter-bank lending business to satisfy financing needs of non-bank financial institutions engaged in financial leasing, auto leasing and so on. Besides, it strictly forestalled operational risk of the financing business and promoted its steady, compliant operation through improving the lean management of the business and enhancing business policies and system development.

Treasury Trading Business on Behalf of Customers

- ✧ In terms of foreign exchange settlement and sales and foreign exchange trading on behalf of customers, the Bank strengthened dissemination of the risk-neutral philosophy, and expanded the geographic business scope of foreign exchange derivatives guaranteed by third party, which helped medium, small and micro enterprises lower hedging costs. Through improving the transaction feature of the online system, the Bank enlarged its customer base and increased customer activeness online. With efforts in business innovation and product promotion, the Bank enriched the variety of currencies for personal foreign exchange settlement and sales in cash, and made breakthroughs in forward foreign exchange settlement and sales of Mexican peso and Polish zloty, satisfying diversified, individualized customer needs for foreign exchange hedging.
- ✧ In terms of the over-the-counter ("OTC") bond business, the Bank distributed Agricultural Development Bank of China's financial bonds with the theme of "Ecological Protection of the Yellow River Basin", "Counties' Initiatives to Address Weaknesses" and "Corn Seed Production in Gansu" and green bonds, as well as OTC local government bonds of five provinces (autonomous regions, municipalities directly under the Central Government) assisting in green finance, infrastructure construction, agricultural development and regional development.
- ✧ In terms of foreign institutional investors trading business in China's inter-bank market, the Bank actively served foreign institutional investors from more than 60 countries and regions throughout the world, to meet their needs for investing and trading in China's interbank market.

Asset Securitization Business

- ✧ In the first half of the year, the Bank issued three asset-backed securities, all of which were non-performing loans securitization programs, with a total amount of RMB2.24 billion.

Precious Metal Business

- The Bank has developed new products tailored for different customer groups and new channels that extensively reach more customer groups. It launched 5-gram, 10-gram and 20-gram small-size affordable gold bars, making them "gold products that most people can afford", and released "Gorgeous Sichuan • Traveling Panda" precious metal art and cultural creative series product designed to promote regional characteristic culture. Moreover, it is accelerating the opening of a proprietary online shop on the JD platform and developing wedding products sold exclusively on the JD platform so as to attract new customers through new channels.
- Precious metal services targeted at corporate and institutional customers were improved. The Bank organized a marketing campaign with the theme of "Meeting ICBC Makes Precious Metal Trading Simpler for Enterprises", accelerating the pace of customer development. Focusing on satisfying new demands of institutional customers, the Bank steadily advanced the bank-bank cooperative business in gold accumulation plan. Focusing on the trading market of Shanghai Gold Exchange, it consolidated its leading advantageous in professionalism in the field, expanded counterparties, and enlarged the capacity of international trading so as to gradually make the market making business more competitive.
- In the first half of the year, the Bank was awarded "First Prize Winner of the Excellent Financial Member", the "Excellent Custodian Bank", the "Best Member in Bid Trading", the "Best Member in Risk Control" and the "Best Request-for-Quote Market Maker" by Shanghai Gold Exchange for the second consecutive year.

FinTech

The Bank adhered to the principles that technology is the primary productive power, human resources are the primary resources and innovation is the primary engine, focused on improving the ECOS technology ecosystem and D-ICBC digital banking ecosystem, firmly upheld security and stability as the bottom line, technological leadership as the target line and fusion empowerment as the main line, and profoundly advanced the initiatives of tech-empowered ICBC and D-ICBC. The Bank received many awards including the "Digital Bank of the Year, China" and the "Best Data Analysis Project, China" from *The Asset*, and the "Best Process Automation Implementation", the "Best Data Management Initiative", the "Best Digital Trade Finance Platform in China" by *The Asian Banker*.

Consolidating the Capability to Ensure Production Safety

The Bank actively responded to new challenges of financial cyber-security, adhered to the bottom line for production safety, and deepened the intelligent transformation of operation and maintenance. It accelerated the upgrading of its security system, and enhanced the technical capability of data security. The availability of the Bank's information system remained above 99.99%, providing strong support for the Bank's digital transformation.

- The Bank improved its capability of protecting cyber-security, pooled efforts in asset management, testing and assessment of information system, cyber-security protection, supply chain security, data security, etc., and enhanced its comprehensive cyber-security protection capability in a systematized way. Besides, it stepped up efforts in building the network security team and enhancing the capability of defensing cyber-attacks, actively optimized and upgraded the enterprise-level cyber range, and carried out innovation in distributed range in conjunction with national labs.
- A leading operation maintenance and disaster recovery backup system has been put in place. The Bank completed the development of maintenance operation and performance capacity service scenarios, continuously improved the whole-chain end-to-end monitoring system, and pressed forward with the transformation of operation maintenance. The important business systems were reinforced on all fronts in terms of intracity availability and intercity business takeover in the time of disaster through upgrading the disaster backup system and putting in service the autonomous controllable disaster recovery clouds.
- The data security management capability was strengthened. The Bank refined the data security management rules, distributed the data security management measures, continuously pressed for the implementation of tiered and classified data security standards, improved the personal customer information protection mechanism, reinforced the technology-based protection measures, and intensified promotion and training in this regard to enhance the bank-wide awareness of protecting data security.

Deepening the Innovative Technology-driven Capabilities

Upholding the philosophy of technology self-reliance, the Bank focused on developing technology in support of business development, and upgraded the ECOS technology ecosystem to provide powerful engines for business development. Its innovative application of block chain was included to the *Forbes* Global Blockchain 50 list for three consecutive years. The Specification for the Application of Financial Distributed Ledger Technology was selected as the "leading enterprise standards" for financial distributed ledger technology for three consecutive years. ICBC has obtained nine certifications in the technology fields of AI, big data, cloud computing, open-source governance, etc. from authoritative institutions.

- The Bank's flexible, reliable clouds and distributed technology system was upgraded. The Bank actively implemented the plan on Group-wide clouding infrastructure construction, bringing the total number of cloud nodes to over 177 thousand, and the number of business containers to over 115 thousand. The scale kept the Bank in an industry-leading position. Customer information and personal accounts have been fully migrated to a distributed architecture system for single-track operation, signifying the success in transformation and upgrading of the largest core banking system into a distributed architecture among comparable peers.

- The technological supporting capacity of the enterprise-level new technology platform was enhanced. The Bank completed an application plan for large AI model capability building, and took the lead in the industry to realize the application of large models with tens of billions of parameters to multiple scenarios including knowledge operation assistant and financial market investment research assistant. It worked with leading technology companies to explore innovative application of large AI models with hundreds of billions of parameters in the financial sector, to constantly enhance the precision and efficiency of digital financial services. Moreover, it stepped up the development of the enterprise-level data middle office and big data platform with the real-time data warehousing capability to enable real-time screening of customer profiles, thereby enhancing the use and service efficacy of big data resources. ICBC took the lead in the industry to realize transaction evidence storage on chain of 30 data products including new enterprise recommendation, enterprise genealogy and group members through utilizing the block chain-based infrastructure for data element trading and circulation, which empowered reliable circulation of data elements. Efforts were also made to advance the large-scale application of the block chain technology to fund supervision, supply chain finance, cross-border trade and digital collections. An RPA scenario platform was created to enable mutual development and sharing of typical application scenarios such as personal entry of personal loan vouchers, declaration of international balance of payments, and automatic entry of lawsuit management, effectively enhancing work efficiency. Utilizing the audio and video technology, the Bank built an enterprise-level digital media service platform that allows real-time communication, live streaming and video/audio on demand for the whole Bank and provides technical supports for the expansion of new-typed service modes such as "Long-Distance Online".

- The state-of-the-art technology system for research-use integration was upgraded. To explore the application of cross-institution privacy computing scenarios, the Bank worked with other financial institutions to pioneer the application of new technologies like hidden inquiry to such business scenarios as verification of inter-bank transaction records, appropriation of funds, etc., forcefully capping inter-bank capital flow frauds. The Bank quickly put into service the "Metaverse government affairs hall" for the Jinan Start-up Area, which realized the immersion online mode of government affairs publicity, withdrawal of housing allowance, etc. The Bank also launched two innovative 3D digital characters named "Gong Xiao Zheng" and "Gong Xiao Cheng", enabling customers to switch digital employees and improving their experience of interactive services. The Bank completed, based on quantum simulator, a feasibility evaluation of the application of quantum technology in scenarios such as bond investment portfolios and option pricing.

Enhancing the Capacity of Rendering Financial Services

Focusing on needs of national strategies such as serving the real economy, preventing financial risks and deepening the financial reform, the Bank intensified the enterprise-level FinTech capability building with an aim of empowering the enterprise-level digital transformation.

- In terms of data base, the Bank strengthened coordinated management of data assets, optimized the data asset management system, improved data asset vouchers, took inventories of data assets, and enhanced the gathering and sharing, on the middle office, data of various types including Operational Data Store, aggregate table, graph, indicator and label, thereby improving the Bank's data completeness and diversity.

- In terms of data empowerment, the Bank, with an aim of building a data system of "One Customer, One ICBC", further optimized uniform mapping and recognition of customer identity and integrated all customer data of the Group to offer enterprise-level data supports for the whole Bank.

- In terms of eco-scenarios, the Bank upgraded the Wealth Management Community, built the ICBC Anxin fund supervision platform and added a number of industrial scenarios including education and training scenarios, secondhand property scenarios, etc. It took the lead to offer a wide selection of personal pension investment products and launched "Planting e Loan", an unsecured loan exclusively available to the planting field. As a result, it witnessed a steady improvement in the customer acquisition capability of the scenarios.

- In terms of channel accessibility, long-distance banking scenarios were empowered by new technology, raising the accuracy rate of voice and text recognition to 98%. In terms of product and service, the Bank launched the e-Enterprise Quick Loan, upgraded the self-developed version of the treasury management cloud and the treasure information system, accelerated overseas promotion of direct links to "ICBC Global Pay", and realized "universal QR code" for e-CNY and all traditional electronic payment tools.

- In terms of business operation, the Bank put in place a "customer + product + event" three-in-one corporate digital operation management system, which enhanced its capability of reaching customers. Besides, it upgraded "Zhike", an enterprise-level digital operation platform that supports end-to-end one-stop planning and accessibility of operational activities.

- In terms of risk control, the Bank consolidated the "Five-pronged Risk Management Approach", realized Group-wide integrated management of global flow of foreign exchange funds, exchange rate risk and derivatives business data of the Group, and pressed forward with cross-segment risk control. As for operational management, the Bank applied "data + technology" to empower system development in the fields of human resources, finance, etc., realized intelligent screening and analysis of human resources suitable for specific positions, and developed new-generation centralized procurement system and "Voice of Customer" system.

Pressing Forward with System and Mechanism Reforms

The Bank implemented the national decisions on the reform of sci-tech system and mechanism and the building of sci-tech talent team. It introduced, trained and fully utilized human resources, continuously optimized the structure of the team, and effectively invigorated the staff's innovation passion, with an aim of providing human resources supports for accelerating digital transformation and realizing high-level FinTech self-reliance.

- The innovation vitality of the sci-tech system and mechanism was unleashed. In an effort to promote the open competition mechanism, the Bank organized the 2023 open competition for innovation projects in key business and technology fields so as to invigorate the sci-tech team with performance-based incentives and stimulate them to develop products offering supreme experience. Besides, competitions were also organized to incentivize innovation in digital transformation. In line with the principle of "encouraging autonomous innovation, highlighting value orientation", the Bank organized the first selection of sci-tech projects with prominent bank-wide influence and excellent projects of digital transformation, designed to fully motivate sci-tech staffers' enthusiasm and creativity in participating in the D-ICBC initiative.

- The base of innovation team was consolidated. By tapping into the "Tech Elite" recruitment brand and the sci-tech elite training mechanism, the Bank accelerated the transformation of primary-level FinTech functions to innovative R&D and marketing supports. Besides, it deepened tiered staff training with a focus on digital transformation and FinTech training for operational management members and backbone technology staffers.

- The high-efficacy technology innovation system was improved. The Bank refined the internal closed-loop experience enhancement mechanism to accelerate the shift of focus from "function" to "experience". Professional experience design service was launched for key projects to improve user experience of the products. The Bank also promoted the continuous standardization of DevOps delivery, and enhanced the online automated delivery and "one-click planning" capabilities. In an active exploration of FinTech ethics, the Bank formulated a work plan for FinTech ethics, and embedded the requirements of FinTech ethics throughout the entire process of technology application, innovation and R&D, in order to enhance the effectiveness of technology management in the new context.

Internet Finance

With a focus on the development goal of "D-ICBC", the Bank did its utmost to promote the construction of digital finance service system, develop new infrastructure for digital finance, cultivate new drives of digital operation, and build new scenarios for digital openness. In the first half of 2023, digital business accounted for 99.0% of total.

- The Bank developed the "Best Mobile Banking" ICBC Mobile, satisfying its customers. The Bank innovated personal mobile banking platforms and products, optimized processes and experiences, supported key projects and those improving the people's wellbeing, and help achieve a better life. The Bank comprehensively enhanced the financial service capabilities of "earning, management, spending and borrowing", and launched brand-new loan columns, new wealth tabs, and new products and functions such as "Tian Tian Ying" cash management services, to enrich quality financial services. With a focus on pressing difficulties and problems, the Bank improved user experience with an updated page layout to provide customers with a more user-friendly experience. Leveraging the traffic, brand, and service advantages of mobile banking, the Bank carried out the "Yi Qi Yue Xiang May 18" campaign to improve the people's wellbeing and stimulate consumption. The Bank launched the online exclusive services for Chengdu FISU World University Games, pushed forward the construction of domestic and overseas mobile banking column for the Greater Bay Area, and effectively supported the development of national key projects and key regions. At the end of June, the Bank had 536 million personal mobile banking customers, with more than 200 million monthly active mobile users, leading the industry in terms of customer base and activity.

- The Bank upgraded ICBC Cloud, a corporate digital finance service platform. The Bank built a special edition of internet banking for specialized and sophisticated enterprises that produce new and unique products, and deepened cooperation with specialized and sophisticated enterprise service platforms in Beijing, Shanghai, Hubei, Shenzhen, Xiamen, and other places to provide more open and convenient digital financial services for enterprises. The Bank accelerated the two-way integration of corporate internet banking, mobile banking and "ICBC Cloud", and launched cloud services such as "Manager Cloud", "Salary Manager", and "Luckiest Draw", preliminarily forming a "financial expert + operation manager" service ecosystem. At the end of June, the Bank had 14.43 million corporate internet banking customers. In the first half of 2023, the Bank had 5.96 million monthly active corporate internet banking customers and 2.84 million monthly active corporate mobile banking customers, leading the industry in terms of customer base and activity.

- The Bank developed ICBC Ju, an open financial service platform. The Bank accelerated the construction of an open financial service system featuring strong connectivity, wide product supply, and excellent digital services, created an open banking service portal and internal data center, and further improved one-stop services. The Bank drew up a comprehensive scenario service solution, relying on the open banking platform, with a focus on the five key areas, i.e., digital livelihood, digital industry, digital villages, digital education, and digital government. In the field of digital livelihood, the Bank deepened cooperation with leading internet platforms to provide comprehensive financial services such as accounts, payments and financing for customers especially new urban residents. In the field of digital villages, the Bank took advantages of open banks and its own platforms to build an online service system for rural finance, stepped up cooperation with supply and marketing cooperatives and other institutions, effectively channeled financial services toward lower levels of institutions, and served 154 million agricultural customers through online platforms. In the first half of 2023, the Bank's open banking transactions amounted to RMB150 trillion.

- The Bank sped up the building of a digital operation system. Focusing on customers and driven by data, the Bank improved the layout of a digital operation system to improve customers' assets. The Bank improved the system of accessibility to all customers. Relying on corporate WeChat, digital employees, "Cloud Outlets", WeChat official account and other service channels and technological innovation, the Bank contacted 390 million customers online in the first half of 2023. The new 3D digital employee images of "Gong Xiao Zheng" and "Gong Xiao Cheng" have been launched, providing an immersive interactive experience, and effectively expanding the scale of access to long-tail customers and improving service efficiency. "Zhike", an enterprise-level digital operation platform, was established. It integrated the Bank's marketing resources, and achieved a peak monthly participation of over 460 million times. Through interdepartmental joint digital operations, the platform has achieved investment and financing transactions of over RMB1 trillion.

- Digital risk control capability was enhanced. The Bank advanced the implementation of a multi-level e-banking limit management system, strengthened customer due diligence, and improved the function of mobile banking to adjust limit by video, so as to further protect the fund security of special customers such as elderly and high-net-worth customers. The Bank continuously enhanced fraud transaction risk identification and prevention, and applied digital means such as artificial intelligence risk control models, device fingerprint technology, face recognition, audio and video auditing to enhance security authentication and in-process intervention measures. In the first half of 2023, the Bank blocked more than 0.1 million fraudulent transactions, avoiding customer losses of over RMB1.0 billion.

Outlet Building and Service Improvement

- The Bank continued to promote the optimization of outlets. While the total number of outlets remains stable, the Bank continuously strengthened resource input and service supply in the regions of strategic importance in China, and completed the optimization and adjustment of 251 outlets in the first half of the year. Nearly 60% of the resources were invested in China's key regions, including newly added blank counties in Ningxia and Yunnan. Outlet resources have been increasingly compatible with regional socio-economic resources. The Bank actively implemented the philosophy of green environmental protection and low-carbon energy conservation, deepened the construction of green and low-carbon outlets, and continuously improved the hardware and services of outlets. The Bank made all-round efforts to advance the reform of outlets operation following the concept of light operation, and moved faster to create a new model of full-journey services for customers. It built "ICBC Counter Express", a new platform for the terminal business of outlets. Focusing on the difficult, pressing and complicated service problems of outlets, the Bank widely optimized the design of business processes, and helped improve the service experience of customers and the operation efficiency of outlets. At the end of June, the Bank had 15,595 outlets, 21,882 self-service banks, 76,994 intelligent devices and 56,670 automatic teller machines ("ATMs"). The transaction volume of ATMs reached RMB2,391.7 billion in the first half of 2023.

- The Bank advanced the construction of rural inclusive financial service points in an orderly manner. It actively served China's rural revitalization strategy. By the end of June, a total of 4,277 inclusive financial service points had been set up in 1,458 counties across China. In the first half of the year, the Bank handled 1,455 thousand transactions for rural customers, and carried out 22 thousand financial knowledge promotion activities, effectively promoting financial services in the countryside.

- The Bank continuously improved the services of its outlets. It fully leveraged the scale advantage of physical channel resources, and enhanced "ICBC Sharing Station+" public welfare services for the benefit of the people. In the first half of the year, leveraging 15.5 thousand ICBC Sharing Stations, the Bank carried out 27 thousand activities, such as volunteer service of learning from Lei Feng, and served 4.95 million new urban residents, new workers, and other customers as well as the public. With the theme of "Service Value Creation Year", the Bank improved customer service of outlets on all fronts by strengthening on-site service management of outlets, intensifying complaint source governance, setting up a professional service management team, and establishing industry service benchmarks. The Bank ranked first in the industry in terms of the number of outlets awarded "Top 100 Demonstration Units of the Chinese Banking Industry for Civilized and Standardized Services".

- The Bank sped up the transformation of smart customer services. It promoted the application of financial large model in the field of digital customer services, continuously improved the intelligent service model of "answering before asking + multi-turn question answering + online graphics and text", and further enhanced its intelligent service capability. It actively established service insights for all channels, all customers, all products and all processes, and built an experience and survey system. The Bank accurately located and solved hot issues based on Double-voice Customer Experience Management System (including feedback from customers and employees), established the target values and deviation warning values of customer experience evaluation index system, formed a closed loop of "monitoring-improvement-evaluation" service management, and created an excellent customer experience.

- The Bank created a ubiquitous collaborative online and offline service channel system. It advanced the integration of mobile banking into the marketing services of outlets, and increased the integration of mobile banking services such as "online appointment, scanning to handle banking services, online query, and exclusive gifts", rights and interests, and outlet marketing scenarios. It launched "Remote Handling", a mobile banking service, achieving 27 "screen to screen" services in eight categories, including order mailing, tutoring on the same screen, and business processing. It set up a unified entry point for online-offline integrated services of "Cloud Outlets", supported the marketing and promotion of popular products by "Ma Shang Ying", strengthened the application of the corporate WeChat platform in customer maintenance, contact, and private domain traffic operation, and stepped up integrated online and offline operations.

- The Bank deepened digital empowerment to open up new prospects in operation services. It comprehensively enhanced various abilities of digital employees and comprehensively took advantage of them on a large scale. A total of 47 intelligent scenarios have been established, and 130 million artificial intelligence transactions were completed in the first half of the year, effectively improving operational service efficiency. The Bank deepened the construction of corporate digital operation service system, set up confirmation request service teams in each tier-one (directly managed) branch, and achieved the intensive and digital operation services of written confirmation request. It created an online service column for taxpayers, allowing corporate customers to achieve online and one-stop tax services, including tax information registration, declaration and payment, invoice and receipt printing. The Bank continuously cultivated the "ICBC Account Link" service brand, and took the lead in the industry to launch "Yi Di Bao" service model, allowing the headquarters of enterprises to open accounts and manage seals nationwide through one outlet. It promoted functions such as convenient account opening for non-enterprise customers and paperless account opening by signing electronic contracts, enhanced the supply capacity of corporate account services, and met customers' differentiated service needs. It established a new model of intensive cash delivery, successfully launched brand-new scenarios such as opening and closing of personal accounts and deposit and withdrawal in 108 outlets, and achieved ATM passbook functionality in 1,655 outlets.

- The pilot promotion of e-CNY has achieved positive results. The Bank carried out scenario construction in 23 fields such as peer cooperation, financial payment, medical insurance, education and training schools, social security and tax payment, and advanced the implementation of nearly 20 national pioneering projects. It actively promoted the testing and verification of e-CNY business in Chinese Hong Kong, and worked with China Mobile to develop e-CNY SIM card hardware wallets and other products that lead the industry in terms of technological architecture and business applications. The innovation of the pilot e-CNY application scenario in the securities industry won the first prize in the second Capital Financial Innovation Incentive Program. In the first half of the year, the Bank opened 7.41 million personal e-CNY wallets and 640 thousand corporate e-CNY wallets. The number of e-CNY merchants increased by 2.1 million, with a rise of RMB625.5 billion in transaction scale.

- The Bank strengthened integrated business continuity management. It strengthened the coordination and organization of drills, and developed over 690 business emergency drill plans, covering important business scenarios such as site disaster recovery, business and technology linkage, inter-disciplinary linkage, and internal and external linkage. The Bank strengthened the cultivation of business monitoring and early warning capabilities. In line with the progress of IT innovation transformation projects, it further strengthened the building of business monitoring capabilities in key business areas based on the technology system monitoring capabilities, promoted the implementation of intelligent and automated all-weather business operation monitoring capabilities, and improved the emergency response measures for technology and business linkage. It maintained a stable and continuous operation of all businesses in the first half of the year.

Human Resources Management, Employees and Institutions

Human Resources Management

- With the focus on high-quality development of operations and areas vital to market competition, the Bank assigned more human resources to strategic areas and improved operations through the transformation and upgrading of human resources. The Bank focused on building four kinds of talented workforce, namely, leading talents, innovative talents, professional talents and young talents. Focusing on key areas such as emerging business, international business, risk control and security, sci-tech data, etc., the Bank cultivated, introduced and made good use of talents in all respects, and put forth effort to build a high-end financial workforce that meets the requirements of financial work in the New Era. In addition, the Bank accelerated digital transformation, deepened technology-driven empowerment, optimized institutional function setting, enriched the frontline marketing workforce, and promoted financial service resources to lower tiers.

- The Bank continuously optimized the remuneration resource allocation mechanism with value creation as the core, resolutely maintained a fair allocation concept with incentives commensurate with restraint, transmitted the Group's strategic objectives for business management, and allocated more remuneration resources to the grassroots employees, for the purpose of mobilizing and inspiring the business vitality of institutions at all levels and of all classes.

- Focusing on building a learning organization and a learning bank, ICBC strived to implement a number of high-quality training programs, to effectively facilitate training at all levels, cultivate business management talents and special talents, and accelerate the development of young talents. For management personnel, the Bank implemented training programs such as "ICBC Leadership" for heads of domestic institutions, capabilities improving program for heads in charge of credit division (credit risk officers), operating capabilities improving program for heads of tier-two branches, and English training for management personnel, to strengthen their strategic thinking, management competence and language ability. For professionals, the Bank implemented programs such as digital transformation training, "Sword Sharpening Program" for discipline inspection line, and training for HR heads from organization directly managed by the Head Office, to improve their professional and business capabilities. For front-line employees, the Bank implemented the rotating training program for outlet heads, "GBC+" outlets "iron triangle"[1] training, to continuously improve the competence and services of outlet staff. For society and customers, the Bank implemented programs such as ICBC agricultural revitalization, innovation and financing training for large, medium and small enterprises, and high-quality development training for modern enterprises, and China's social security reform and development training, to support customer maintenance and business development. Focusing on the growth of talents, the Bank held programs including young and middle-aged cadres training, global leadership development program, ICBC Star Program – new employees training, new employee mentor training, etc., and built a full-chain, systematic training system.

- The Bank carried out a wide variety of corporate culture activities, to promote the cultivation of the culture of probity, compliance, service, and innovation with a focus on the transmission of core values of ICBC. The Bank selected 75 cultural models with distinctive features, with the purpose of promoting mutual exchange and learning of corporate culture. The Bank set up a probity culture research center, which enriched the carrier of probity culture beside the education base for probity culture. The center focused on probity culture research, resource development, publicity and education, aiming at assisting in building a clean ICBC. The Bank also set up an education base for innovation culture that comprehensively showcased the development of ICBC's innovation culture and its major innovation achievements in different stages through display boards, videos, VR devices etc.

Basic Information on Employees and Institutions

- As at the end of June, the Bank had a total of 415,719 employees, including 392,611 employees in the Head Office and domestic branches, 7,232 employees in major domestic subsidiaries, and 15,876 employees in overseas institutions.

- As at the end of June, the Bank had a total of 16,411 institutions, representing a decrease of 45 as compared with the end of the previous year. Among them, there were 15,996 domestic institutions and 415 overseas ones.

1 "Iron triangle" refers to corporate account managers of sub-branches, outlet heads and account managers of outlets.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

Item	Assets (in RMB millions)	% of total assets	Number of institutions	% of total institutions	Number of employees	% of total employees
Head Office	8,781,839	20.1	27	0.2	20,290	4.9
Yangtze River Delta	10,125,913	23.2	2524	15.4	59,241	14.2
Pearl River Delta	6,622,450	15.2	1971	12.0	46,624	11.2
Bohai Rim	6,255,346	14.3	2678	16.3	65,136	15.7
Central China	4,678,909	10.7	3428	20.9	78,363	18.8
Western China	5,511,722	12.6	3621	22.1	84,226	20.3
Northeastern China	1,531,040	3.5	1614	9.8	38,731	9.3
Overseas and other	4,523,837	10.4	548	3.3	23,108	5.6
Eliminated and unallocated assets	(4,361,450)	(10.0)				
Total	**43,669,606**	**100.0**	**16,411**	**100.0**	**415,719**	**100.0**

Note: Overseas and other assets include investments in associates and joint ventures.

Internationalized Operation

Taking the "international vision on global operation", the Bank has made constant efforts in improving its operation system both in and outside China, integrating local and international currencies. Leveraging on its global operation edge, the Bank has been constantly sharpening cross-border financial services, with a view to support high-quality implementation of the Belt and Road and China's high-level opening-up.

- The Strategy of "Preferred Bank for Foreign Exchange Businesses" implemented in depth. The Bank continuously stepped up with the "Chunrong Action" to strengthen support to key export companies and foreign-funded enterprises, with an accumulative on- and off-balance sheet financing disbursement exceeding RMB650.0 billion in the first half of the year. Empowered by the integrated import and export data by the Customs, the Bank further upgraded its financial services in international settlement and trade finance via the "single window" platform. It consolidated the foundation for the high-quality development of foreign exchange business, and promoted the capacity building in flagship institutions, aiming to advance the comprehensive service offering and compliance management for foreign exchange businesses in all rounds.

- RMB internationalization promoted in good order. The Bank launched the "Chunxu Action" to provide pro-active solutions for global market players in cross-border RMB businesses such as cross-border settlement, investment and financing as well as risk management. With the designation as the official RMB clearing bank in Brazil, the Bank has been authorized as the official RMB clearer in 11 countries. The Bank pushed forward the account system building supporting separate accounting units in Free Trade Zones, and actively supported the innovative development of cross-border RMB business in Shanghai Lingang Special Area, Guangdong-Hong Kong-Macao Greater Bay Area and Hainan Free Trade Port. The Bank facilitated the execution of the country's first ever LNG import transaction settled in cross-border RMB. It provided innovative services for multinational companies in trade settlement and treasury management, facilitating FDI investment and utilization. For SMME businesses, cross-border RMB business solutions were developed. In the first half of the year, cross-border RMB business exceeded RMB6 trillion.

- International cooperation enhanced continuously. As the Chair of the BRICS Business Council Chinese Chapter, the Bank lived up to its responsibilities and actively promoted discussions and project implementation on shared concerns in the business community. Taking China-Europe Business Council ("CEBC") as the platform, the Bank has been advancing the dialogue between government and enterprises to promote the sharing and learning between CEBC members. The Bank continued to strengthen the Belt and Road Bankers Roundtable ("BRBR") mechanism, and further diversified its membership representation, to actively promote high-quality development of the Belt and Road.

- Global network further optimized. The Jeddah Branch officially started business operations in Saudi Arabia. As at the end of June, the Bank had been operating 415 overseas institutions in 49 countries and regions, coupled with indirect coverage of 20 African countries as a shareholder of the Standard Bank Group. In total, it had 125 institutions in 21 countries along the Belt and Road. The Bank also entered into business relationships with 1,443 foreign banks in 143 countries and regions. Its service network has full coverage of six continents and key international financial centers around the world.

- Stable yet improving performance by overseas institutions. The Bank enhanced global financial servicing capabilities in corporate & investment banking, global cash management, retail banking, project financing, financial markets, asset management, asset custody among others. The intra-Group cross-border servicing capacity was further improved, which supports business scenarios in "ICBC Global Pay" and brazes the "YES ICBC" service brand with new scenarios and models pushed up in global financial services.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
	At 30 June 2023	At 31 December 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	At 30 June 2023	At 31 December 2022
Hong Kong SAR and Macau SAR	203,966	213,726	636	789	96	97
Asia-Pacific Region (except Hong Kong SAR and Macau SAR)	134,629	135,854	882	682	91	91
Europe	84,407	85,048	490	512	74	74
America	62,174	60,335	232	155	153	153
African Representative Office	–	–	–	–	1	1
Eliminations	(49,156)	(50,786)				
Subtotal	**436,020**	**444,177**	**2,240**	**2,138**	**415**	**416**
Investment in Standard Bank[1]	3,442	3,722	216	186		
Total	**439,462**	**447,899**	**2,456**	**2,324**	**415**	**416**

Note: (1) The assets represent the balance of the Bank's investment in Standard Bank and the profit before taxation represents the Bank's gain on investment recognized by the Bank during the reporting period.

- As at the end of June, total assets of the Bank's overseas institutions (including overseas branches, subsidiaries and investment in Standard Bank) were USD439,462 million, down by USD8,437 million or 1.9% from the end of last year, representing 7.3% of the Group's total assets. Total loans amounted to USD184,411 million, up by USD1,280 million or 0.7%; and due to customers was USD148,245 million, representing a decrease of USD3,791 million or 2.5%. Profit before taxation during the reporting period was USD2,456 million, up by USD132 million or 5.7%, accounting for 8.8% of the Group's profit before taxation.

DISTRIBUTION OF OVERSEAS INSTITUTIONS

Hong Kong SAR and Macau SAR Institutions (country/region)

Hong Kong Branch (Hong Kong, China)
ICBC (Asia) (Hong Kong, China)
ICBC International (Hong Kong, China)
ICBC (Macau) (Macau, China)
Macau Branch (Macau, China)

Asia-Pacific Region (except Hong Kong SAR and Macau SAR) Institutions (country/region)

Tokyo Branch (Japan)
Seoul Branch (South Korea)
Busan Branch (South Korea)
Mongolia Representative Office (Mongolia)
Singapore Branch (Singapore)
ICBC (Indonesia) (Indonesia)
ICBC (Malaysia) (Malaysia)
Manila Branch (Philippines)
ICBC (Thai) (Thailand)
Hanoi Branch (Vietnam)
Ho Chi Minh City Representative Office (Vietnam)
Vientiane Branch (Lao PDR)
Phnom Penh Branch (Cambodia)
Yangon Branch (Myanmar)
ICBC (Almaty) (Kazakhstan)
Karachi Branch (Pakistan)
Mumbai Branch (India)
Dubai (DIFC) Branch (UAE)
Abu Dhabi Branch (UAE)
Doha Branch (Qatar)
Riyadh Branch (Saudi Arabia)
Kuwait Branch (Kuwait)
Sydney Branch (Australia)
ICBC (New Zealand) (New Zealand)
Auckland Branch (New Zealand)

Europe Institutions (country/region)

Frankfurt Branch (Germany)
Luxembourg Branch (Luxembourg)
ICBC (Europe) (Luxembourg)
- Paris Branch (France)
- Amsterdam Branch (the Netherlands)
- Brussels Branch (Belgium)
- Milan Branch (Italy)
- Madrid Branch (Spain)
- Warsaw Branch (Poland)
- Greece Representative Office (Greece)

ICBC (London) (UK)
London Branch (UK)
ICBC Standard Bank (UK)
Bank ICBC (JSC) (Russia)
ICBC Turkey (Turkey)
Prague Branch (Czech Republic)
Zurich Branch (Switzerland)
ICBC (Austria) (Austria)

America Institutions (country/region)

New York Branch (USA)
ICBC (USA) (USA)
ICBCFS (USA)
ICBC (Canada) (Canada)
ICBC (Mexico) (Mexico)
ICBC (Brasil) (Brazil)
ICBC (Peru) (Peru)
ICBC (Argentina) (Argentina)
ICBC Investments Argentina (Argentina)
Inversora Diagonal (Argentina)
Panama Branch (Panama)

Africa Institutions (country/region)

Investments in Standard Bank (South Africa)
African Representative Office (South Africa)

Comprehensive Operation

ICBC Credit Suisse Asset Management

ICBC Credit Suisse Asset Management is mainly engaged in fund raising, fund sales, asset management and other businesses approved by CSRC. It had many business qualifications such as mutual fund, QDII, enterprise annuity, specific asset management, domestic (foreign) investment manager of social security fund, RQFII, insurance fund management, special asset management, occupational annuity and basic endowment insurance investment manager, and was one of the "fully qualified" fund companies in the industry.

- ICBC Credit Suisse Asset Management maintained stable business development. Its total assets under management remained almost flat compared to that at the end of the previous year, with the pension business growing steadily. The investment performance remained solid in a leading position and the average yields of equity funds and bond funds actively managed continued to be at the forefront of large fund companies. Its "ICBCCS Pure Bond Fund" and "ICBCCS Innovation Power Equity Fund" won the "Pure Bond Fund" and "Equity Fund" of Morningstar China 2023 Annual Fund Awards respectively. ICBC Credit Suisse Asset Management accelerated digital development and its "Big Data and AI-driven Fixed-income Investment and Risk Analysis Platform" won the second prize of PBC's "Fintech Development Award". ICBC Credit Suisse Asset Management also strengthened the protection of investors' legitimate rights and interests, and further promoted investor education, which was evaluated as excellent for five consecutive years in the assessment of the national securities and futures investor education base. At the end of June, ICBC Credit Suisse Asset Management managed 238 mutual funds, and 622 annuities, separately managed accounts and special portfolios, with assets totaling RMB1.72 trillion.

ICBC Leasing

ICBC Leasing is mainly engaged in financial leasing of large-scale equipment in key areas such as aviation, shipping, energy and power, rail transit, equipment manufacturing and areas requiring "specialization, refinement, differentiation and innovation". It provides a range of financial and industrial services such as transfer of leasing assets, asset trading and asset management.

- In aviation business, ICBC Leasing strengthened financial support to advance the rapid recovery of China's domestic civil aviation industry. It continued to enhance collaboration with domestic premium high-quality airlines, further deepened the comprehensive cooperation with COMAC in various fields, supported commercial operation of China-made large passenger aircrafts and improved the quality and efficiency of integrated financial services. In maritime business, ICBC Leasing actively supported the transformation and upgrading of the marine industry, achieved a new project of newbuilding optical cable laying vessels which supported high-tech enterprises to achieve breakthroughs in core technology fields. In domestic comprehensive leasing business, ICBC Leasing continued to intensify support to manufacturing, green leasing and sci-tech innovation, and gave play to the marketing mode featuring independent marketing and bank-corporate cooperation. It also accelerated efforts to the marketing of agriculture-related projects and supported the implementation of the coordinated urban and rural development strategy.

ICBC-AXA

ICBC-AXA operates various insurance businesses such as life insurance, health insurance and accident insurance, as well as reinsurance of the aforesaid businesses, business permitted by national laws and regulations to use insurance funds and other businesses approved by regulators.

- In response to China's policies and regulations, ICBC-AXA continued the process of structural transfer and upgrade of its business, realizing a rapid growth in both scale and value of its regular insurance business. Committed to serving customers as an "ecological co-creator of a better life", ICBC-AXA restructured its business model under the guidance of China's call for building a multi-tiered social security system. It tapped into the financially affluent customer base, shifting from single product sales to diversified product portfolio sales; enriched the supply of core health insurance products such as critical illness insurance and medical insurance, and built a diversified and distinctive health insurance system through customer segmentation, differentiated design and technological innovation; launched private pension products to enrich pension product supply by taking the opportunity of China's multi-pillared elderly care insurance system program. ICBC-AXA reviewed the customer journey in a thorough way, improved customer service interactions, ensured the regular operation and upgrading of the customer rights and interests system, and deepened interaction with customers via digital ecosystems, in a bid to meet customer needs in various scenarios such as healthcare, wealth management and retirement planning. It also took an active part in policy-based inclusive insurance and expanded the insurance protection coverage.

ICBC International

ICBC International is a wholly owned subsidiary of the Bank in Hong Kong SAR, China. It is mainly engaged in sponsorship and underwriting for listing, underwriting for bond issuance, financial consulting, direct investment, sales and trading, asset management, market research, etc. and provides all-round cross-border comprehensive financial services to corporate and personal customers.

✧ ICBC International continued to advance its four major business segments, namely, corporate financing, investment, sales and trading and asset management. It remained in the top league of the market in terms of shares and bond underwriting. It assisted eight companies in listing in Hong Kong, raising over HKD4.7 billion; participated in the issuance of Saudi Arabia sovereign wealth fund, green Islamic US dollar bonds and other bonds, underwriting about USD16.0 billion in total. It proactively explores key regions such as Hong Kong and the markets along the Belt and Road, and actively expanded its presence in key industries such as health care, medicine, energy, infrastructure, and sci-tech innovation. Its sales and trading product and service system is continuously improving as proved by its well-established position as a brokerage in Category B on HKEK. Its asset management business is also further optimized and restructured as it has established partnerships with a number of leading industry funds and high-quality local state-owned capital investment and operation platforms. ICBC International held the successful "ICBC Guangdong-Hong Kong Corporate Financial Forum and IPO on HKEX Roadshow" to further consolidate the Group's interconnection and collaboration capabilities.

ICBC Investment

ICBC Investment is one of the first pilot institutions in China to conduct debt-for-equity swap of banks. It holds the franchise license of non-bank financial institution and is mainly engaged in debt-for-equity swap and the supporting business.

✧ Leveraging on its debt-for-equity license and superior expertise in this field and focused on serving the real economy and preventing and defusing financial risks, ICBC Investment deepened the bank-corporate cooperation and the investment-loan coordination to improve integrated financial services that combine equity and debt, enrich the varieties of debt-for-equity investment plans and private equity fund products, and make steady progress in the quality development of market-based debt-for-equity projects, all of which greatly supported enterprises in their de-leveraging, leverage stabilizing, strength gaining, and reform promoting efforts. It continuously enhanced the ability and effectiveness of risky asset disposal across the Group and played an active role in the formulation of corporate debt restructuring, debt-for-equity swap plans and reorganization plans, helping enterprises tide over difficulties through reform and continuously improve asset quality of banks. Further playing its role as a shareholder, ICBC Investment dispatched directors and supervisors to the debt-for-equity swap enterprises and got deeply involved in the corporate governance of such enterprises, effectively improving their corporate governance and promoting the healthy and sustainable development of enterprises.

ICBC Wealth Management

ICBC Wealth Management engages mainly in the issuance of wealth management products, wealth management advisory and consulting service as well as other activities approved by regulators.

✧ In pursuit of a balanced, coordinated, sustainable and high-quality development, ICBC Wealth Management actively addressed changing consumer preferences, effectively responded to volatility in the market, and fully integrated into the Group's universal wealth management system. It also responded to the diversified needs of investors, by continuously optimizing product structure, delivering stable and low-volatility products regularly, and launching exclusive products for new urban residents, "rural revitalization" themed products and the first batch of private pension products in the industry. ICBC Wealth Management released the "Wen, Xin, Zhi, Yuan" brand system, upgraded channels and customer services comprehensively, and continuously optimized marketing scenarios as well as subscription and redemption efficiency, to truly bettered the investment experience of customers. Meanwhile, ICBC Wealth Management continued to improve asset allocation capability and develop more specialized and refined strategies, increased investments in such key areas as industrial system modernizing, rural revitalization, and inclusive finance, and grasped suitable investment opportunities, thus remaining competitive in product performance. It won the "Golden Reputation Award — Premier Wealth Management Company" in the 2023 China Asset Management and Wealth Management Industry Summit held by PYSTANDARD. As at the end of June, AUM of ICBC Wealth Management was RMB1,502,055 million, all of which were net-worth products.

WEALTH MANAGEMENT PRODUCTS OF ICBC WEALTH MANAGEMENT THAT WERE ISSUED, MATURED, AND EXISTED DURING THE REPORTING PERIOD

In RMB millions, except for tranches and percentages

Item		At 31 December 2022		Products issued		Matured products		At 30 June 2023		
		Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Percentage (%)
Classified by fundraising method	Publicly offered	1,190	1,707,212	231	157,122	306	158,981	1,115	1,438,964	95.8
	Privately offered	173	55,076	58	23,230	42	16,715	189	63,091	4.2
Classified by the nature of investment	Fixed income	927	1,630,751	289	180,352	283	158,615	933	1,412,944	94.1
	Equity	57	6,237	0	0	2	408	55	5,978	0.4
	Mixed	379	125,300	0	0	63	16,673	316	83,133	5.5
Total		**1,363**	**1,762,288**	**289**	**180,352**	**348**	**175,696**	**1,304**	**1,502,055**	**100.0**

DIRECT AND INDIRECT INVESTMENTS OF ICBC WEALTH MANAGEMENT IN WEALTH MANAGEMENT PRODUCTS AS AT THE END OF JUNE 2023

In RMB millions, except for percentages

Asset type	Amount	Percentage (%)
Cash, deposits and reverse repurchase agreements	683,779	41.3
Bonds and NCDs	815,116	49.3
Non-standard debt assets	67,754	4.1
Other assets(1)	87,212	5.3
Total	**1,653,861**	**100.0**

Note: (1) Other assets include equity assets, financial derivatives, QDII and mutual funds.

Major Controlled Subsidiaries and Equity Participating Company

Major Overseas Subsidiaries

Institution	Principal business	At 30 June 2023			Six months ended 30 June 2023
		Issued share capital/ paid-in capital	Total assets (in USD millions)	Net assets (in USD millions)	Net profit (in USD millions)
Industrial and Commercial Bank of China (Asia) Limited	Commercial banking	HKD44,188 million	118,386.53	18,747.71	495.85
ICBC International Holdings Limited	Investment banking	HKD5,963 million	7,474.80	1,218.80	(114.17)
Industrial and Commercial Bank of China (Macau) Limited	Commercial banking	MOP589 million	48,296.73	3,874.06	112.98
PT. Bank ICBC Indonesia	Commercial banking	IDR3.71 trillion	3,653.06	442.30	12.39
Industrial and Commercial Bank of China (Malaysia) Berhad	Commercial banking	MYR833 million	966.04	288.87	7.63
Industrial and Commercial Bank of China (Thai) Public Company Limited	Commercial banking	THB20,107 million	7,266.30	1,170.84	44.00
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	Commercial banking	KZT8,933 million	785.41	127.53	18.59
Industrial and Commercial Bank of China (New Zealand) Limited	Commercial banking	NZD234 million	1,344.19	187.59	6.19
Industrial and Commercial Bank of China (Europe) S.A.	Commercial banking	EUR437 million	6,122.27	528.02	(35.36)
ICBC (London) PLC	Commercial banking	USD200 million	1,430.34	478.81	8.43
ICBC Standard Bank PLC	Banking	USD1,083 million	23,690.41	1,855.40	154.73
Bank ICBC (joint stock company)	Commercial banking	RUB10,810 million	4,274.25	404.00	109.92
ICBC Turkey Bank Anonim Şirketi	Commercial banking	TRY6,360 million	3,421.59	179.87	34.71
ICBC Austria Bank GmbH	Commercial banking	EUR200 million	1,289.99	213.58	3.48
Industrial and Commercial Bank of China (USA) NA	Commercial banking	USD369 million	2,953.46	441.86	18.39
Industrial and Commercial Bank of China Financial Services LLC	Securities clearing, securities margin trading	USD50 million	24,459.23	62.18	(11.78)
Industrial and Commercial Bank of China (Canada)	Commercial banking	CAD208 million	2,215.95	317.93	15.56
Industrial and Commercial Bank of China Mexico S.A.	Commercial banking	MXN1,597 million	357.39	50.29	1.65
Industrial and Commercial Bank of China (Brasil) S.A.	Commercial banking	BRL202 million	441.57	35.46	(2.79)
ICBC PERU BANK	Commercial banking	USD120 million	729.27	127.65	5.98
Industrial and Commercial Bank of China (Argentina) S.A.	Commercial banking	ARS82,896 million	6,457.99	1,114.30	93.97

Major Domestic Subsidiaries

In RMB100 millions

Institution	Principal Business	At 30 June 2023			Six months ended 30 June 2023
		Issued share capital/ paid-in capital	Total assets	Net assets	Net profit
ICBC Credit Suisse Asset Management Co., Ltd.	Fund management	2	217.63	180.78	12.84
ICBC Financial Leasing Co., Ltd.	Leasing	180	3,112.21	427.06	2.29
ICBC-AXA Assurance Co., Ltd.	Insurance	125.05	3,042.86	179.57	5.19
ICBC Financial Asset Investment Co., Ltd.	Financial asset investment	270	1,798.46	457.26	26.57
ICBC Wealth Management Co., Ltd.	Wealth management	160	202.39	199.21	9.69

Major Equity Participating Company

Standard Bank Group Limited

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. The Bank continued to hold 324,963,464 shares or 19.39% of Standard Bank and to be its single largest shareholder. Based on mutual benefit and win-win cooperation, the two sides furthered their cooperation in equity cooperation, customer expansion, project financing, product innovation, risk management, FinTech and staff exchange, etc. As at the end of June, Standard Bank recorded total assets of ZAR3,028,679 million and net assets of ZAR272,150 million. It generated a net profit of ZAR25,091 million in the first half of the year.

RISK MANAGEMENT

Enterprise-wide Risk Management System

In the first half of 2023, the Bank deepened its enterprise-wide risk management by focusing on the over-arching Five-pronged Risk Management Approach, namely, the overall risk management of domestic and overseas institutions, on- and off-balance sheet business, commercial banking, investment banking and other services, online and offline business, and Head Office and subordinate institutions. The Bank improved the enterprise-wide risk management system to enhance the comprehensiveness and perspectiveness of risk management. It strengthened the proactive prevention capability and risk awareness of the first line of defense, consolidated the responsibilities of all institutions, and intensified overall risk management. By optimizing the evaluation mechanism for enterprise-wide risk management, the Bank conveyed and implemented risk management requirements. By continuously investigating hidden risks, the Bank improved risk response plans and management measures, and responded appropriately to the impact of global market fluctuations and external shocks. Besides, the Bank strengthened the management and application of risk measurement, served the grassroots to upgrade quality and efficiency, and supported the implementation of the Bank's major strategies.

Credit Risk

Credit Risk Management

The Bank continued to strengthen the construction of credit risk management system and consolidated the foundation for credit risk management. It implemented the Measures for the Risk Classification of Financial Assets of Commercial Banks, established and improved its own risk classification and management system for financial assets, to make preparations for the risk classification and management of financial assets and the implementation of new regulations on credit risk under the Basel III Final Reform Package. The Bank optimized the duration management for investment and financing businesses from the dimensions of investment and financing planning, asset portfolio, concentration, customers and debts, further improved the post-lending management requirements for on- and off-balance sheet credit business of general corporate customers, and refined post-lending management, to strengthen business risk prevention and control.

The Bank accurately grasped the layout and direction of investment and financing business and strengthened credit risk management. In terms of corporate credit business, the Bank continued to give more support for such areas as strategic emerging industries and sci-tech innovation, actively bolstered major projects under construction in the "14th Five-Year Plan" for the areas of transport, water conservancy and new urbanization as well as projects with weak spots, deeply explored and cultivated the green credit market, and actively boosted the financing business for urban-rural development and subsidized rental housing. It also kept improving differentiated region credit policies with the focus on serving regional coordinated development strategies, including Beijing-Tianjin-Hebei coordinated development, Guangdong-Hong Kong-Macao Greater Bay Area construction, Yangtze River Delta integration and Chengdu-Chongqing Economic Circle construction. In respect of personal credit business, the Bank promoted the construction of a digital post-lending system, consolidated the top-level design for digital transformation of post-lending management, and continuously facilitated the development of system functions; besides, it established a penetration monitoring and grading management mechanism for the quality of personal loan assets, cemented the intelligent closed-loop management mechanism for whole-process monitoring of personal loan risks, and implemented refined post-lending management in the whole process.

The Bank prevented and mitigated the risks in fields such as local government debts and real estate. It strictly implemented various laws, regulations and regulatory policies on the management of local government debts and financing platforms, continued with the whole-process credit management, and firmly held the bottom line of compliance with laws and no regional systemic risks, to prevent and resolve the debt risks of financing platform companies in a steady and orderly manner. The Bank executed the real estate macro-control policy, and maintained stable and orderly disbursement of real estate loans, to steadily accelerate the steady and healthy growth of real estate market, and support the reasonable financing needs of real estate development enterprises. In addition to carrying out the risk resolution project M&A loan business, targeting key real estate enterprises, in a steady and orderly manner, the Bank actively provided financial services for "ensuring housing delivery" according to the market-oriented and law-based principles, thus protecting the legitimate rights and interests of housing finance consumers according to law.

The Bank pushed forward the digital transformation of credit risk management in an all-around manner, and built a multi-dimensional, multi-layered and whole-process digital risk control system from three levels, that is, overall operation of investment (macro), asset structure adjustment (meso) and customer asset selection (micro). It broadened the credit data sources, strengthened the sharing of credit risk data and risk information, and innovated the application of digital technology, to enhance its ability to prevent credit fraud and realize the automated extraction of customer data. By making use of technologies such as mobile Internet, biometrics, big data and AI, the Bank comprehensively enhanced the business support capability and intelligent level of global credit and investment management system (GCMS) and "e-Credit" APP.

Credit Risk Analysis

At the end of June, the Bank's maximum credit risk exposure without taking account of any collateral and other credit enhancements reached RMB45,523,988 million, representing an increase of RMB4,059,231 million compared with the end of the previous year. Please refer to "Note 43.(a)(i) to the Consolidated Financial Statements: Maximum Exposure to Credit Risk without Taking into Account of Any Collateral and Other Credit Enhancements". For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation".

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 30 June 2023 Amount	At 30 June 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Pass	24,494,943	96.85	22,437,578	96.67
Special mention	453,373	1.79	451,628	1.95
NPLs	343,605	1.36	321,170	1.38
Substandard	154,610	0.61	158,372	0.68
Doubtful	123,780	0.49	118,574	0.51
Loss	65,215	0.26	44,224	0.19
Total	**25,291,921**	**100.00**	**23,210,376**	**100.00**

According to the five-category classification, pass loans amounted to RMB24,494,943 million as at the end of June, representing an increase of RMB2,057,365 million compared to the end of the previous year and accounting for 96.85% of total loans. Special mention loans amounted to RMB453,373 million, representing an increase of RMB1,745 million and accounting for 1.79% of total loans, dropping 0.16 percentage points. NPLs amounted to RMB343,605 million, showing an increase of RMB22,435 million, and NPL ratio was 1.36%, dropping 0.02 percentage points compared to the end of the previous year.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 30 June 2023 Loan	Percentage (%)	NPLs	NPL ratio (%)	At 31 December 2022 Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	15,760,433	62.3	287,919	1.83	13,826,966	59.6	271,615	1.96
Short-term corporate loans	3,755,221	14.8	90,246	2.40	3,150,517	13.6	99,066	3.14
Medium to long-term corporate loans	12,005,212	47.5	197,673	1.65	10,676,449	46.0	172,549	1.62
Discounted bills	1,055,573	4.2	–	–	1,148,785	4.9	–	–
Personal loans	8,475,915	33.5	55,686	0.66	8,234,625	35.5	49,555	0.60
Residential mortgages	6,374,390	25.2	26,746	0.42	6,431,991	27.7	25,394	0.39
Personal consumption loans	262,397	1.0	4,839	1.84	232,442	1.0	3,985	1.71
Personal business loans	1,189,042	4.7	9,340	0.79	930,040	4.0	8,454	0.91
Credit card overdrafts	650,086	2.6	14,761	2.27	640,152	2.8	11,722	1.83
Total	**25,291,921**	**100.0**	**343,605**	**1.36**	**23,210,376**	**100.0**	**321,170**	**1.38**

As at the end of June, corporate NPLs were RMB287,919 million, representing an increase of RMB16,304 million over the end of last year, with an NPL ratio of 1.83%, down 0.13 percentage points. Personal NPLs stood at RMB55,686 million, growing by RMB6,131 million, with an NPL ratio of 0.66%, up 0.06 percentage points.

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

In RMB millions, except for percentages

	At 30 June 2023				At 31 December 2022			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	3,425,926	23.7	20,225	0.59	3,149,183	25.1	19,324	0.61
Manufacturing	2,376,627	16.5	55,007	2.31	1,949,461	15.5	58,944	3.02
Leasing and commercial services	2,207,799	15.3	46,779	2.12	1,892,850	15.1	38,188	2.02
Water, environment and public utility management	1,688,442	11.7	22,542	1.34	1,511,785	12.0	23,864	1.58
Production and supply of electricity, heating, gas and water	1,372,980	9.5	8,702	0.63	1,211,580	9.6	8,406	0.69
Real estate	767,190	5.3	51,226	6.68	724,802	5.8	44,531	6.14
Wholesale and retail	680,038	4.7	30,427	4.47	531,845	4.2	31,696	5.96
Construction	458,160	3.2	9,308	2.03	359,345	2.9	7,513	2.09
Science, education, culture and sanitation	378,386	2.6	7,796	2.06	340,146	2.7	8,337	2.45
Mining	287,131	2.0	2,638	0.92	226,500	1.8	2,706	1.19
Other	787,367	5.5	16,176	2.05	657,994	5.3	17,422	2.65
Total	**14,430,046**	**100.0**	**270,826**	**1.88**	**12,555,491**	**100.0**	**260,931**	**2.08**

The Bank continued to propel the optimization and adjustment of the credit industry structure and stepped up efforts to shore up the development of the real economy. Loans to manufacturing increased by RMB427,166 million, up 21.9%, mainly invested in leading backbone enterprises and key projects in high-end manufacturing such as new-generation information technology, electric power equipment, automobile manufacturing, and large-scale refining and chemical projects. Loans to leasing and commercial services increased by RMB314,949 million, representing a growth rate of 16.6%, mainly to provide financing support for infrastructure, public services and major people's livelihood projects, as well as to meet the financing needs of industrial R&D and high-tech park construction. Loans to transportation, storage and postal services increased by RMB276,743 million or 8.8% over the end of last year, mainly focusing on supporting the project construction of highways, railways, airports and berths, as well as the liquidity needs of high-quality customers such as China Railway, airlines and port groups. Loans to water, environment and public utility management grew by RMB176,657 million or 11.7%, mainly for major projects in the areas of new urbanization and water conservancy facilities as well as the areas of people's livelihood such as urban public utilities and environmental remediation. Loans to the production and supply of electricity, heating, gas and water increased by RMB161,400 million, an increase of 13.3%, mainly to support the headquarters of key electric power groups and relevant construction projects, of which the area of emerging energy power generation maintained a relatively fast growth rate. Loans to the wholesale and retail grew by RMB148,193 million or 27.9%, mainly for the leading enterprises in the industrial chain and the supply chain, thus providing active support for the financing needs of small and micro enterprises, boosting production and consumption to rebound steadily, and promoting the "dual circulation" of domestic and foreign trade.

The Bank continued to strengthen risk management of financing in various industries, improved the quality and efficiency in the disposal of non-performing assets, and properly carried out risk prevention and mitigation in key areas. With these efforts, the loan quality was generally stable.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 30 June 2023				At 31 December 2022			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	729,104	2.9	22,950	3.15	747,980	3.2	18,443	2.47
Yangtze River Delta	5,371,335	21.2	35,081	0.65	4,798,204	20.7	32,910	0.69
Pearl River Delta	3,947,251	15.6	51,955	1.32	3,621,603	15.6	47,328	1.31
Bohai Rim	4,182,767	16.5	74,695	1.79	3,816,621	16.5	69,989	1.83
Central China	3,887,951	15.4	39,532	1.02	3,561,290	15.3	40,888	1.15
Western China	4,593,159	18.2	73,977	1.61	4,225,369	18.2	71,038	1.68
Northeastern China	1,053,039	4.2	27,328	2.60	978,246	4.2	29,203	2.99
Overseas and other	1,527,315	6.0	18,087	1.18	1,461,063	6.3	11,371	0.78
Total	**25,291,921**	**100.0**	**343,605**	**1.36**	**23,210,376**	**100.0**	**321,170**	**1.38**

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Allowance for impairment losses on loans and advances to customers measured at amortised cost				Allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	**278,715**	**141,586**	**251,923**	**672,224**	**510**	**–**	**28**	**538**
Transfer:								
to stage 1	29,161	(26,613)	(2,548)	–	–	–	–	–
to stage 2	(3,966)	6,472	(2,506)	–	–	–	–	–
to stage 3	(3,638)	(30,891)	34,529	–	(48)	–	48	–
Charge	48,570	44,768	14,910	108,248	70	–	228	298
Write-offs and transfer out	–	–	(38,137)	(38,137)	–	–	–	–
Recoveries of loans and advances previously written off	–	–	6,877	6,877	–	–	–	–
Other movements	712	782	(352)	1,142	6	–	–	6
Balance at 30 June 2023	**349,554**	**136,104**	**264,696**	**750,354**	**538**	**–**	**304**	**842**

Note: Please see "Note 17. to the Consolidated Financial Statements: Loans and Advances to Customers" for details.

At the end of June, allowance for impairment losses on loans stood at RMB751,196 million, of which RMB750,354 million on loans measured at amortised cost, and RMB842 million on loans measured at fair value through other comprehensive income. Allowance to NPLs was 218.62%, representing an increase of 9.15 percentage points over the end of last year, and allowance to total loans ratio was 2.97%, representing an increase of 0.07 percentage points.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	10,377,403	41.1	9,977,153	43.0
Pledged loans	2,603,579	10.3	2,467,572	10.6
Guaranteed loans	2,817,734	11.1	2,544,651	11.0
Unsecured loans	9,493,205	37.5	8,221,000	35.4
Total	**25,291,921**	**100.0**	**23,210,376**	**100.0**

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 30 June 2023		At 31 December 2022	
	Amount	% of total loans	Amount	% of total loans
Less than 3 months	107,738	0.43	93,802	0.40
3 months to 1 year	77,142	0.31	79,509	0.34
1 to 3 years	91,300	0.36	91,177	0.40
Over 3 years	21,369	0.08	19,543	0.08
Total	**297,549**	**1.18**	**284,031**	**1.22**

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

Overdue loans stood at RMB297,549 million, representing an increase of RMB13,518 million from the end of the previous year. Among them, loans overdue for over 3 months amounted to RMB189,811 million, representing a decrease of RMB418 million.

RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB34,074 million, representing an increase of RMB7,845 million as compared to the end of the previous year. Among them, rescheduled loans and advances overdue for over 3 months amounted to RMB3,158 million, representing an increase of RMB877 million.

LOAN MIGRATION RATIO

In percentages

Item	At 30 June 2023	At 31 December 2022	At 31 December 2021
Pass	1.2	1.1	1.1
Special mention	24.7	21.0	17.3
Substandard	60.9	36.6	46.4
Doubtful	73.7	42.5	47.6

Note: Calculated according to the Circular on Amending the Definitions and Calculation Formula of Basic Indicators for Off-site Supervision of the Banking Sector issued by the former CBIRC in 2022, and measured at the Group's level.

Large Exposures Management

During the reporting period, the Bank strictly complied with the regulatory requirements for the management of large exposures, improved the large exposures management system, continued to upgrade the functions of the supporting systems and reported relevant information pursuant to the regulatory requirements. Based on the actual management of large exposures, the Bank further optimized the internal limit requirements for large exposures, to strengthen the management of large exposures continuously.

BORROWER CONCENTRATION

As at the end of June, the total amount of loans granted by the Bank to the single largest borrower and top ten single borrowers accounted for 3.8% and 18.6% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single borrowers was RMB834,139 million, accounting for 3.3% of the total loans.

Item	At 30 June 2023	At 31 December 2022	At 31 December 2021
Loan concentration to the single largest borrower (%)	3.8	3.8	3.6
Loan concentration to the top ten borrowers (%)	18.6	16.0	14.2

The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of June.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	170,200	0.67
Borrower B	Finance	132,435	0.52
Borrower C	Finance	109,675	0.43
Borrower D	Production and supply of electricity, heating, gas and water	85,000	0.34
Borrower E	Transportation, storage and postal services	65,350	0.26
Borrower F	Transportation, storage and postal services	59,599	0.24
Borrower G	Transportation, storage and postal services	55,726	0.22
Borrower H	Finance	55,682	0.22
Borrower I	Transportation, storage and postal services	55,070	0.22
Borrower J	Production and supply of electricity, heating, gas and water	45,402	0.18
Total		**834,139**	**3.30**

For credit risk capital measurement, please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation".

Market Risk

The Bank continued to deepen the Group's market risk management. It optimized the market risk limit management system. Relying on its independently developed risk management system, the Bank performed dynamic, refined and intelligent management in conjunction with the market situation and business scenarios, to continuously improve the effectiveness of market risk management. It also kept enhancing the intelligent level of market risk management system and made positive preparations for the implementation of the Basel III Minimum capital requirements for market risk.

Management of Market Risk in the Trading Book

The Bank kept strengthening trading book market risk management and product control, and adopted the value-at-risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit/loss analysis, price monitoring and other means to measure and manage trading book products.

For VaR of the trading book, please refer to "Note 43. (c)(i) to the Consolidated Financial Statements: VaR".

Currency Risk Management

The Bank positively responded to external environment changes and market fluctuations. By adhering to the currency risk neutrality principle, it comprehensively took measures such as limit management, hedge accounting and hedging, and actively adjusted foreign exchange exposure size and currency structure, to strengthen capital value preservation management of overseas institutions and control the currency risk within a reasonable range.

FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

	At 30 June 2023		At 31 December 2022	
Item	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign exchange items, net	504,967	69,504	657,753	94,665
Exposure of off-balance sheet foreign exchange items, net	(300,185)	(41,318)	(345,192)	(49,681)
Total foreign exchange exposure, net	**204,782**	**28,186**	**312,561**	**44,984**

Please refer to "Note 43.(c)(ii) to the Consolidated Financial Statements: Currency Risk" for the exchange rate sensitivity analysis.

Please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation" for further information on market risk capital measurement.

Interest Rate Risk in the Banking Book

Adhering to a steady and prudent interest rate risk appetite, the Bank grasped changes in the domestic and overseas monetary policy cycles and market expectations in a forward-looking manner, coordinated the structural control of assets and liabilities, and continued to optimize the interest rate exposure and duration mismatch structure, so as to maintain a balanced and stable spread or margin income for the Group. It improved the management mechanism featuring the "five-in-one" integration of full market research and judgment, full factor regulation, full cycle management, all-route dissemination and emergency management. The Bank implemented the concepts of digital dynamics and intelligent risk control, and propelled the digital transformation of interest rate risk system, to constantly consolidate the high-quality operating results from balanced, coordinated and sustainable current earnings and long-term value.

Analysis on Interest Rate Risk in the Banking Book

Interest Rate Sensitivity Analysis

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

In RMB millions

	+100 basis points in interest rate		– 100 basis points in interest rate	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(23,490)	(56,047)	23,490	62,340
USD	(1,043)	(3,221)	1,043	2,925
HKD	(1,282)	(36)	1,282	37
Other	826	(1,756)	(826)	1,804
Total	**(24,989)**	**(61,060)**	**24,989**	**67,106**

Note: Please refer to "Note 43.(d) to the Consolidated Financial Statements: Interest Rate Risk in the Banking Book".

Interest Rate Exposure Analysis

As at the end of June, the Bank had a positive cumulative interest rate sensitivity exposure within one year of RMB2,673,578 million, representing an increase of RMB621,942 million from the end of the previous year, mainly caused by the increase in repriced or matured loans and advances to customers within one year. It had a positive cumulative interest rate sensitivity exposure above one year of RMB705,845 million, representing a decrease of RMB659,733 million, mainly resulting from the increase in repriced or matured dues to customers above one year.

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 30 June 2023	(6,694,922)	9,368,500	(3,735,973)	4,441,818
At 31 December 2022	(7,389,824)	9,441,460	(2,592,876)	3,958,454

Note: Please refer to "Note 43.(d) to the Consolidated Financial Statements: Interest Rate Risk in the Banking Book".

Liquidity Risk

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

Liquidity Risk Analysis

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

At the end of June, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 47.6% and 98.5%, respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 74.7%.

Item		Regulatory criteria	At 30 June 2023	At 31 December 2022	At 31 December 2021
Liquidity ratio (%)	RMB	>=25.0	47.6	42.3	41.5
	Foreign currency	>=25.0	98.5	106.1	88.9
Loan-to-deposit ratio (%)	RMB and foreign currency		74.7	76.7	77.3

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the second quarter of 2023, the net stable funding ratio was 129.18%, 0.75 percentage points lower than that at the end of the previous quarter, mainly due to the rapid growth of required stable funds. For the quantitative information for net stable funding ratio in accordance with the Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

The daily average liquidity coverage ratio for the second quarter of 2023 was 123.42%, 10.83 percentage points higher than the previous quarter, mainly attributable to the increase in high-quality liquid assets. High-quality liquid assets cover cash, central bank reserve available under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements. For the quantitative information for liquidity coverage ratio based on the Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

The Bank maintained stable and abundant funds, balanced and steady growth in assets and liabilities, reasonable and appropriate cash flows of various maturities, and safe and steady liquidity operation. As at the end of June, the liquidity exposure for less than 1 month turned positive from negative, mainly due to the increase in matured dues from banks and other financial institutions and lending to other banks within corresponding term. The negative liquidity exposure for 1 to 3 months narrowed down slightly, mainly due to the increase in loans and advances to customers and bond investment within corresponding term. The negative liquidity exposure for 3 months to 1 year expanded, mainly due to the increase in dues to customers within corresponding term. The positive liquidity exposure for 1 to 5 years narrowed down slightly, mainly due to the increase in dues to customers within corresponding term. The positive liquidity exposure for the category of over 5 years expanded, which was mainly due to a growth of loans and advances to customers and bond investment within corresponding term.

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 30 June 2023	(15,089,292)	595,406	(342,119)	(2,332,673)	323,727	16,866,692	3,574,679	3,596,420
At 31 December 2022	(15,617,408)	(107,581)	(412,689)	(344,569)	658,151	15,935,539	3,403,976	3,515,419

Note: Please refer to "Note 43.(b) to the Consolidated Financial Statements: Liquidity Risk".

Internal Control and Operational Risk

Internal Control

The Bank continued to optimize its internal control mechanism, to improve the internal control system and ameliorate the internal control evaluation mechanism. It further intensified the application of off-site evaluation techniques, to enhance the accuracy and effectiveness of internal control evaluation. The Bank strengthened the construction of compliance culture on an ongoing basis, and improved the Group's compliance management structure, with the establishment of a sound compliance management system. It also consolidated resources protection for compliance, further promoted the construction of compliance manager mechanism, intensified the access management of compliance personnel for key positions, and offered regular, systematic and diversified compliance trainings. In the meantime, the Bank continued to enhance the IT level of the Group's compliance management, arranged more off-site monitoring and conducted compliance inspections in key fields. To facilitate the building of a long-term compliance management mechanism for overseas institutions, the overseas compliance management system (OCM) was put into effect; to optimize the compliance management of integrated subsidiaries, the compliance risk assessment was carried out in overseas and integrated subsidiaries, thus further perfecting the compliance management of the Group.

Operational Risk Management

The Bank continued to enhance operational risk management, refined the management of operational risk limits, and kept monitoring and reporting of limit indicators. In line with operational risk-related regulatory requirements and industry management practices, the Bank steadily pushed forward the implementation of new operational risk compliance standards under the Basel III Final Reform Package, and optimized the data collection and management process of operational risk loss to continuously improve the quality of operational risk data. An operational risk control self-assessment programme was carried out in a hierarchical and categorised manner, and the joint prevention and control of criminal cases and risk events was deepened. Consequently, the operational risk control system operated smoothly, and the operational risk was controllable on the whole.

Please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation" for further information on operational risk capital measurement.

Legal Risk

The Bank continuously strengthened legal risk management, and advanced the level of legal risk management and its prevention and control capabilities, to ensure compliance with the law. According to the requirements of new laws and regulations, it carried out legal risk monitoring and analysis on a regular basis, and supported and safeguarded the sound development of business innovation, to consolidate the prevention and control of legal risks in key areas and links. Moreover, extensive trainings and activities on legal literacy were organized to enhance the Group's employees' awareness of legal compliance.

Money Laundering Risk

In strict compliance with anti-money laundering ("AML") laws and regulations of China and the host countries (regions) of overseas institutions, the Bank fulfilled its legal obligations and social responsibilities concerning AML strictly. Sticking to a risk-based AML principle, it continuously strengthened the construction of the Group's AML governance structure and sanction-related risk management framework, enhanced domestic institutions' capabilities in solidifying the foundation for AML, deepened the overseas long-term AML management mechanism, and optimized the AML ecosystem and intelligent reporting model. As a result, the Group further improved the quality and efficiency of AML management.

Reputational Risk

The Bank deepened the implementation of the Group's reputational risk management rules and requirements, continuously improved the group-wide and whole-process reputational risk management system, continuously optimized the reputational risk working mechanism, and enhanced the reputational risk management level. It strengthened the normalization of reputational risk management, consolidated the responsibilities of management entities, and intensified the prevention and control of risk sources and enhanced professional training, to elevate the quality and efficiency of management. In addition, the Bank responded in a timely manner for social issues that attract attention, and organized and promoted influential brand communication activities, to enhance the Bank's brand image. Hence, the Bank maintained a leading position in the market in terms of brand value and network influence. During the reporting period, the reputational risk of the Bank was stable and controllable.

Country Risk

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

CAPITAL MANAGEMENT

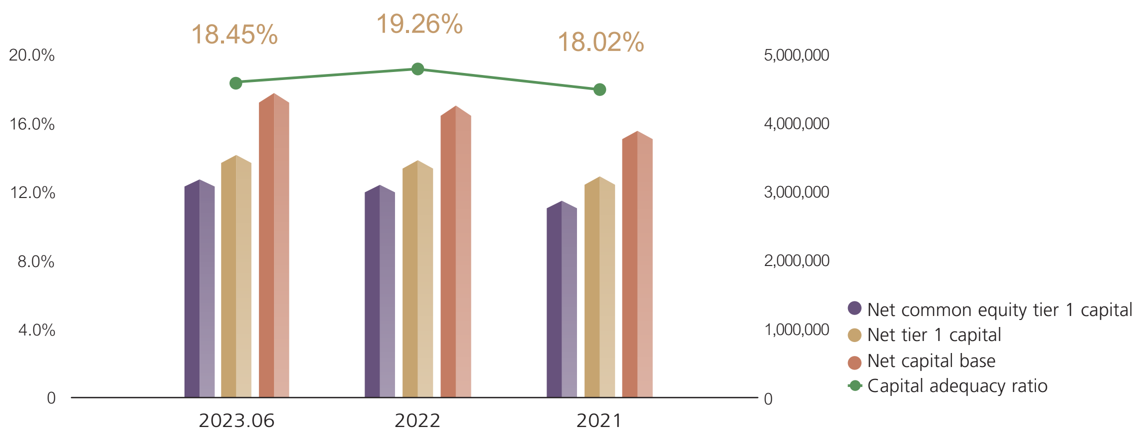
In the first half of the year, the Bank continued to strengthen lean capital management, continuously improved the management mechanism for scientific capital raising, efficient allocation, accurate measurement, long-term constraint and regular optimization, and continued to elevate the capital use efficiency. The Bank improved the long-term capital replenishment mechanism, optimized the capital structure and reduced the capital cost, laying a solid capital foundation for the Bank to serve the real economy. During the reporting period, all capital indicators performed well, of which capital adequacy ratio was kept at a sound and appropriate level.

Capital Adequacy Ratio and Leverage Ratio

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

Capital adequacy ratio

Unit: RMB millions, %



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

In RMB millions, except for percentages

Item	At 30 June 2023		At 31 December 2022	
	Group	Parent Company	Group	Parent Company
Net common equity tier 1 capital	3,201,381	2,886,248	3,121,080	2,824,565
Net tier 1 capital	3,556,297	3,213,112	3,475,995	3,152,660
Net capital base	4,473,996	4,120,514	4,281,079	3,945,322
Common equity tier 1 capital adequacy ratio (%)	13.20	13.01	14.04	14.03
Tier 1 capital adequacy ratio (%)	14.67	14.49	15.64	15.66
Capital adequacy ratio (%)	18.45	18.58	19.26	19.60

As at the end of June, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Capital Regulation stood at 13.20%, 14.67% and 18.45%, respectively, complying with regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2023	At 31 December 2022
Common equity tier 1 capital	**3,221,767**	**3,141,891**
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,190	148,174
Surplus reserve	392,414	392,162
General reserve	496,678	496,406
Retained profits	1,827,301	1,766,288
Valid portion of minority interests	3,283	3,293
Other	(2,506)	(20,839)
Common equity tier 1 capital deductions	**20,386**	**20,811**
Goodwill	8,631	8,320
Other intangible assets other than land use rights	6,989	7,473
Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,214)	(2,962)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	**3,201,381**	**3,121,080**
Additional tier 1 capital	**354,916**	**354,915**
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	585	584
Net tier 1 capital	**3,556,297**	**3,475,995**
Tier 2 capital	**917,699**	**805,084**
Valid portion of tier 2 capital instruments and related premiums	583,691	528,307
Surplus provision for loan impairment	332,970	275,764
Valid portion of minority interests	1,038	1,013
Net capital base	**4,473,996**	**4,281,079**
Risk-weighted assets(1)	**24,244,321**	**22,225,272**
Common equity tier 1 capital adequacy ratio (%)	**13.20**	**14.04**
Tier 1 capital adequacy ratio (%)	**14.67**	**15.64**
Capital adequacy ratio (%)	**18.45**	**19.26**

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

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 30 June 2023	At 31 December 2022
Credit risk-weighted assets	22,482,101	20,488,486
Parts covered by internal ratings-based approach	14,829,883	13,248,337
Parts uncovered by internal ratings-based approach	7,652,218	7,240,149
Market risk-weighted assets	228,641	203,207
Parts covered by internal model approach	114,446	80,583
Parts uncovered by internal model approach	114,195	122,624
Operational risk-weighted assets	1,533,579	1,533,579
Total	**24,244,321**	**22,225,272**

For more information of capital measurement of the Bank, please refer to the section headed "Information Disclosed Pursuant to the Capital Regulation".

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 30 June 2023	At 31 March 2023	At 31 December 2022	At 30 September 2022
Net tier 1 capital	3,556,297	3,560,849	3,475,995	3,391,913
Balance of adjusted on- and off-balance sheet assets	45,931,590	44,231,978	41,780,554	41,802,773
Leverage ratio (%)	**7.74**	**8.05**	**8.32**	**8.11**

Note: Please refer to "Unaudited Supplementary Information to the Consolidated Financial Statements" for details on disclosed leverage ratio information.

Capital Financing

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

The Bank publicly issued a tranche of tier 2 capital bonds of RMB55.0 billion in China's national inter-bank bond market in April 2023. All proceeds were used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

For details on the issuance of capital instruments of the Bank, please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

OUTLOOK

Since the beginning of 2023, the world economy is recovering sluggishly and has entered into a new stage of turbulence and changes. The Chinese national economy continues to recover with good momentum, showing great development resilience and potential. The financial sector is making new progress in pursuing high-quality development, with an improved financial regulatory system, refined opening-up policies and better circulation between finance and the real economy, providing important support to the high-quality development of the banking sector.

In the second half of this year, ICBC will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and firmly focus on the primary task of high-quality development and the strategic task of fostering a pattern of development. It will adhere to the "48-character" guideline, deepen the implementation of the strategic layout of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation", advance the work of maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground in a coordinated manner, make new progress in the building of a world-class modern financial institution with Chinese characteristics, and celebrate the 40^{th} anniversary of the founding of ICBC with excellent results.

First, the Bank will spare no effort to serve Chinese modernization. Based on the Bank's foundation of development and business characteristics, the Bank will have a deep understanding of the Chinese characteristics, essential requirements and major principles of Chinese modernization, establish and improve the modern financial service system with Chinese characteristics that follows a clear direction, keep in mind the Bank's underlying mission, highlight the Bank's principal business, uphold fundamental principles and break new ground, so as to better meet the diverse financial needs of the real economy and the general public.

Second, the Bank will continue to promote the high-quality development. It will faithfully and fully apply the new development philosophy on all fronts, establish a correct view on political achievements, coordinate the efforts in value creation, market position, risk control and capital constraint, and promote the building of a balanced, coordinated and sustainable sound development ecosystem across the Bank. The Bank will maintain strategic focus, pursue progress while ensuring stability, and advance the high-quality development of the whole Bank by implementing the Group's strategic layout and key strategies with high quality.

Third, the Bank will deepen reform and transformation in all respects. Facing the new trends of scientific and technological changes, the new patterns of market competition and the new situations in internal management, the Bank will focus on solving deep-rooted problems and obstacles, accelerate structural adjustment and the activation of growth drivers, and continue to improve the Group's governance effectiveness and operating efficiency. It will refine resource allocation by optimizing the customer structure and bolster the momentum of development by optimizing the asset structure. It will channel more resources into key areas of developing a modern industrial system to provide more room for transformation and development and making profit concessions to the real economy.

Fourth, the Bank will better coordinate development and security. It will firmly apply the overall concept of national security, and continue to refine the enterprise-wide risk management system with the goal of creating a benchmark for large banks for safe and sound development, using the "Five-pronged Risk Management Approach" as a means. The Bank will strengthen the worst-case scenario and the extreme-case scenario mindset, prudently defuse existing risks and resolutely prevent incremental risks with a sense of responsibility of being vigilant all the time. Besides, the Bank will put forth effort to strengthen the effectiveness of internal control and case prevention, enhance the "dam" for workplace safety and operation safety, and firmly guard against any systemic risks.

HOT TOPICS IN THE CAPITAL MARKET

Hot Topic 1: An Analysis of Changes in Operating Income

In the first half of 2023, the Bank, with a focus on maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground, coordinated efforts to serve the real economy and controlling financial risks, continuously accelerated the structural optimization and adjustment of customers, businesses and products, and actively expanded diversified income sources in an innovative way. During the reporting period, the Bank realized operating income of RMB428.9 billion, down 3.4% on a year-on-year basis. Specifically, the decline in net interest income, fee and commission income narrowed compared with the first quarter, and other non-interest income recorded a positive growth.

First, the trends of net interest income movements improved. Since this year, NIM of the banking sector continued to show a downward trend under the influence of multiple factors such as loan repricing caused by the decline of market interest rate and LPR, and the increase of customers' willingness to place time deposits, etc. Compared with the first quarter, the Bank's NIM dropped by 5 BPs to 1.72% in the first half year; net interest income reached RMB337.0 billion, representing a reduction of 3.9%, narrowing the decline from the first quarter. **Second, the size of fee and commission income led the industry.** In the first half year, the Bank continued to intensify efforts in customer development and marketing promotion, consolidated the foundation of fee-based income growth, and thus witnessed a sound increase in income from businesses such as settlement, clearing and cash management, and bank cards, etc. Meanwhile, as the Bank seized market opportunities to reinforce the marketing of key products such as insurance, the expansion of business scale resulted in good income growth. However, influenced by the decline in customers' willingness to engage in investment and wealth management as a result of capital market volatility, income from corporate wealth management, personal wealth management and private banking, and asset custody decreased on a year-on-year basis. During the reporting period, fee and commission income dropped by 1.5% year-on-year to RMB82.4 billion, representing a narrower decline as compared to that of the first quarter, and the total amount was at a leading level among comparable peers. **Third, the Bank accelerated product innovation and operational transformation, and expanded the sources of income growth, thus realizing a year-on-year increase in other non-interest income.** Since the beginning of this year, the Bank has continuously strengthened market trend tracking and analysis, seized market opportunities to expand and enhance the trading business and maintained stable operating income with multiple drivers. During the reporting period, the Bank realized other non-interest related gains of RMB18.5 billion, up 5.4% year-on-year.

Hot Topic 2: Steady Increase in Credit Granting with the Structure Continuously Optimized

Since the beginning of this year, the Bank earnestly implemented the state's economic and financial policies and the monetary policy orientation, adhered to the principle of commercial sustainability and accurately grasped market demands derived from the recovery process of the real economy. On the basis of continuously reinforcing risk control, it maintained a steady growth of total credit amount and gradually optimized the structure of credit granting, thereby realizing an enhancement in both quantity and quality of financial supplies. In the first half year, the balance of domestic RMB loans grew by RMB1.99 trillion over the end of the previous year to RMB23.5 trillion, with the increment increasing by RMB387.6 billion year-on-year. Both the total amount and increment maintained a leading position in the industry, with the structure of credit granting continuously optimized, and market competitiveness on the constant rise.

I. Focusing on the Main Responsibility for Serving the Development of Manufacturing and Major Projects

The Bank spurred its inner driving force to serve the manufacturing industry. In the first half year, the balance of loans to manufacturing reached RMB3.6 trillion, and the balance and increment of medium to long-term loans to manufacturing ranked first in the industry. Keeping abreast of the macro-policy, the Bank carried out marketing of major infrastructure projects in transportation, water conservation and energy as well as key projects of the "14th Five-Year Plan". In the first half year, domestic medium to long-term corporate loans grew by nearly RMB1.3 trillion, accounting for approximately 69% of the increment in corporate loans, up more than 12 percentage points over the same period of the previous year.

II. Highlighting Key Fields and Actively Supporting Industrial Upgrade

Inclusive finance saw an enlargement in scale and coverage. The Bank insisted on making inclusive finance the breakthrough point of transformation and development. The balance of inclusive loans increased by nearly RMB500.0 billion to over RMB2.0 trillion, leading the industry in growth rate. **Green finance services were enhanced.** As the Bank stepped up support for green financing, the balance of green loans exceeded RMB5.0 trillion, leading the market in both loan balance and growth rate. **The Bank served sci-tech innovation** through the "Chunmiao Action" and other activities. In the first half of the year, loans to strategic emerging industries grew by more than RMB600.0 billion, leading the industry in both balance and growth. The growth rate of loans to SRDI enterprises was 9 percentage points higher than the average growth rate of corporate loans. **The quality and efficiency of rural financial services were improved**. The Bank contributed to promoting the urban-rural integrated development through increasing financial supports for key fields of "agriculture, rural areas and farmers" and extending the coverage of services to counties and villages. In the first half of the year, the balance of agriculture-related loans increased by 20% to nearly RMB4.0 trillion, representing an industry-leading growth rate.

III. Stimulating Domestic Consumption and Making Concrete Progress in Retail Credit Business

In the first half of the year, the Bank took advantage of the favorable timings of economic rebound and the stabilization of consumption to strengthen marketing promotion of key products such as residential mortgage combination loan, e-Mortgage Quick Loan and ICBC e Loan. The increment in personal consumption loans and personal business loans exceeded RMB280.0 billion, up RMB146.5 billion year-on-year. In active response to China's deep adjustment in the real estate market, the Bank ensured a steady growth of total residential mortgages, and over RMB510.0 billion was issued in the first half of the year, an increase of RMB48.1 billion year-on-year. Moreover, the Bank also seized opportunities to develop business in the secondhand housing market by optimizing the structure of housing mortgages. It issued more than RMB150.0 billion of residential mortgages on second-hand properties, representing a year-on-year increase of RMB70.6 billion.

IV. Optimizing the Business Layout to Support Coordinated Regional Development

Actively implementing the strategy for "Sharpening Competitive Edge in Key Regions", the Bank increased loans to Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing at a rate higher than the average growth rate in the industry. In the meantime, the balance and sustainability of credit resources allocation were enhanced to promote balanced development among regions.

In the second half of this year, the Bank will continue to focus on maintaining stable growth, adjusting structure, increasing growth drivers, preventing risks and breaking new ground. It will proactively capture market trends, continue to improve the layout of the credit business and the adaptability of the business to economic development trends, and further consolidate and enhance its competitiveness on the credit market and its capabilities in creating value.

Hot Topic 3: Deepening the Development of "D-ICBC"

The Bank has always adhered to the principles that technology is the primary productive power, human resources are the primary resources and innovation is the primary engine. With the enhancement of the ECOS tech ecosystem and the digital banking ecosystem D-ICBC as the core, and the construction of technological innovation system and team building as support, the Bank has pressed forward with the initiatives of technology-empowered ICBC and D-ICBC, and created a new engine for high-quality development.

ECOS Tech Ecosystem: Providing New Engines for Building a High-level Technology-empowered Bank

The Bank continued to improve the ECOS tech ecosystem in a way that ensures "stability" of the system, "flexibility" of the architecture and "advanced nature" of technology so as to provide five engines for high-quality development.

Engine 1: The architecture is more flexible. Focusing on touch point integration, service aggregation and operation fusion, the Bank improved architecture design with new modes and methods, enhanced the flexibility of system functions, technical routes and basic resources, and built an architecture system with stronger innovation in empowerment and a more resilient technical system, so as to fully leverage the supporting role of architecture system transformation for digital development.

Engine 2: The intelligent data fusion capability has reached a new level. In the face of the new industrial revolution represented by the big AI model technology, the Bank actively pushed forward the systematized development of the big model technology capability, and used the technology to explore new business application scenarios. ICBC took the lead to realize the practical application of large models with tens of billions of parameters, created intelligent assistants for branch employees and to provide intelligent Q&As support for front-line staff on rules and regulations, business files, etc., and introduced innovative investment research assistants that enable intelligent generation of financial market investment research report within minutes. To enhance the quality and efficiency of delivering services by traditional AI models, the Bank put in service the knowledge operation assistant, which improves the quality and efficiency of intelligent customer services through extracting materials, labeling data and maintaining knowledge in a more efficient and precise manner. In collaboration with industry-leading research institutes and leading enterprises, the Bank explored innovative patterns of applying large AI models with hundreds of billions of parameters in the financial industry, maintaining its leading advantage in the application of state-of-the-art technologies.

Engine 3: New breakthroughs have been made in the transformation of technical system. Landmark achievements have been made in the transformation of the core personal banking system. Information of more than 700 million personal customers and over 1.0 billion personal accounts have been fully migrated to a distributed architecture system for single-track operation, signifying the success in the transformation and upgrading of the largest core banking system into a distributed architecture among comparable peers.

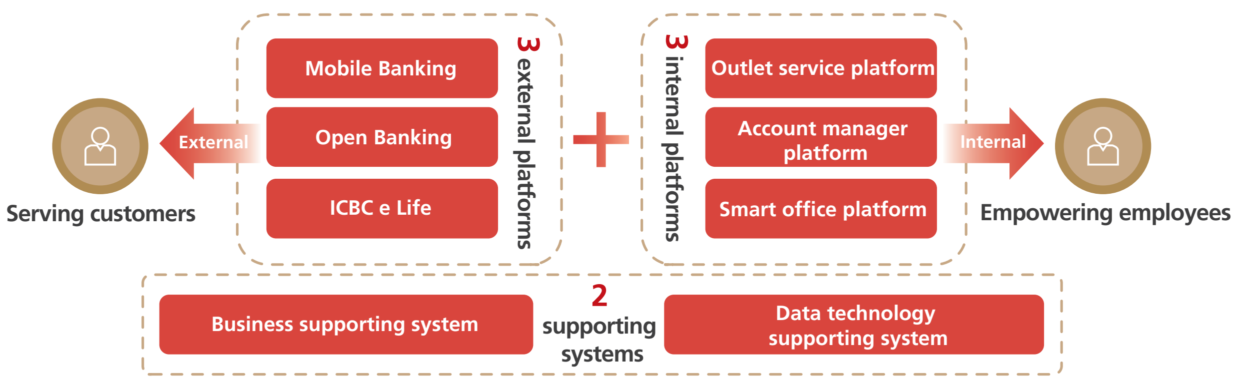
Engine 4: The clouding of infrastructure has been further upgraded. The Bank actively implemented the Group-wide infrastructure clouding plan, and managed to maintain an industry-leading position in terms of the number of cloud nodes and the number of business containers.

Engine 5: New progress has been made in agile R&D. The Bank accelerated the transformation to R&D and testing integration (DevOps), further simplified the R&D and launch process, and completed the standardization of ongoing delivery of 174 application groups, thereby improving the efficiency of R&D and launch.

D-ICBC: Starting A New Engine for Building High-Quality D-ICBC

Since the beginning of this year, ICBC has adhered to the concept of digital development and pressed forward with the development of D-ICBC in depth. The Bank focused on "serving customers, empowering employees", continuously improved the two supporting systems of business and data technology, and accelerated the reform of business model and management process, empowering the high-quality business development by digital transformation.

First, the Bank strengthened and optimized key internal and external service platforms to achieve innovative operation and development models. The Bank strengthened the three external platforms of "Mobile Banking, Open Banking and ICBC e Life", and formed a new landscape where financial services and life services are integrated and mutually promoted, and self-owned platforms and open platforms are complementary. The Bank also optimized three internal platforms of "outlet service platform, account manager platform and smart office platform", realized transformation of the service mode from the traditional "offline and people-oriented" mode to the "online and data-driven" mode, and continuously enhanced the competitiveness of outlets, marketing capacity of account managers and office efficiency of employees. At the end of the first half of 2023, the number of personal mobile banking customers exceeded 536 million, and the number of monthly active users exceeded 200 million, maintaining a leading position in the industry. The number of monthly active users of ICBC e Life reached 14.80 million, up 29.5% over the year beginning. The cooperation between Open Banking and



external ecological platforms was deepened. The Bank built a digital supply chain service platform, covering nearly 30 industries, including pharmaceuticals and construction. The number of partners exceeded 46 thousand and the transaction amount exceeded RMB150 trillion, both maintaining a leading position in the industry.

Second, the Bank further refined the business and service supporting system to better support the development of the real economy. The Bank continued to innovate in financial service products, launched the personal cash management service "Tian Tian Ying", created new personal loan portfolio products under the mortgage transfer mode, and launched the agriculture-related loan product "Planting e Loan". The Bank also accelerated the promotion of "ICBC Global Pay", comprehensively upgraded the treasury and global cash management service system, and led the industry in the number of treasury projects for central enterprises. The Bank continued to improve the digital operation system, deployed nearly 30 thousand digital operation strategies, and promoted the sales and transactions of deposits, funds, wealth management products, insurance products and other key products to exceed RMB1.23 trillion. It accelerated the "person-to-technology substitution". Digital employees could undertake the workload of more than 22,000 people to reduce the burden of grassroots outlets. The Bank continued to enhance the enterprise-wide risk management capacity, strengthened the data penetration of the Group's subsidiaries, and realized the enterprise-wide risk management view of "Five-pronged Risk Management Approach" from the perspective of the Group. It established a cross-disciplinary "joint risk prevention and control" system focusing on customers, and won the commendation from the Ministry of Public Security for its advanced experience in reducing the number of accounts involved in telecom frauds.

Third, the Bank continuously cemented the data technology supporting system to lay a solid foundation for digital high-quality development. The Bank actively pushed forward the transformation of the technical architecture, and realized the transformation and upgrade of the distributed architecture of the personal banking core system. With the increasingly enriched data elements, the Bank actively integrated into the "Blue Ocean" of social data under the premise of ensuring security and compliance, and increased the use of government affairs, operators, internet companies and other external data, so as to drive business model change with richer data elements. The Bank firmly defended the bottom line of security, improved the high availability and disaster backup support system, strengthened the construction of enterprise-level attack and defense target range, and continuously enhanced the network security protection capability. The availability rate of information systems across the Bank reached a high level of 99.99%. Moreover, the Bank accelerated the transformation of the research results of cutting-edge technologies into business value, and made a comprehensive layout of cutting-edge technology fields such as AI big model, quantum computing, Beidou positioning and spatial information. At the end of the first half of 2023, the Bank had 1,878 new patents issued and 2,941 patents granted accumulatively, both ranking first in the industry.

Hot Topic 4: Consolidating Enterprise-Wide Risk Management Capability

The Bank adopted the Five-pronged Risk Management Approach, namely the overall risk management of domestic and overseas institutions, on- and off-balance sheet businesses, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions, continuously improved the four-pronged risk management approach to people, money, defense line and bottom line, strengthened active prevention, smart control and comprehensive management, consolidated the three lines of defense, and continuously pressed forward with the upgrade of the enterprise-wide risk management system to enhance the enterprise-wide risk management capability.

I. Implementing the Five-pronged Risk Management Approach to Reinforce Group-wide Integrated Risk Control

The Bank has put in place a risk monitoring mechanism featuring the Five-pronged Risk Management Approach that keeps all-round monitoring of risk management in four segments of the Head Office, domestic branches, overseas institutions and integrated subsidiaries so as to timely reflect the overall picture of the Group's business and the focus of risk concerns. Besides, it continuously intensified scanning of hidden hazards, combed through risk conditions of all institutions, business lines and key fields, and dynamically updated and improved the risk coping plan and measures for key risk points and major hidden risks with an aim of forestalling risks.

II. Implementing the Four-pronged Risk Management Approach to People, Money, Defense Line and Bottom Line, and Building a Steady, Prudent Risk Management Mechanism

As for risk management in terms of people, the Bank built an intelligent, networked system for controlling employees' abnormal behaviors, regularly inspected the staff's abnormal behaviors, and reinforced the process of determination of responsibility and accountability, thereby forming a multi-dimension control pattern of "institution planes, specialized lines and networked nodes". **As for risk management in terms of money,** the Bank continuously optimized the intelligent credit risk control system of "Three Gates, Seven-color Pools", deepened the planning and the Group-wide unified risk limits management for investment and financing, and pressed for the continued optimization of the investment and financing structure. Moreover, the whole-process risk control was reinforced through establishing and implementing high-quality new rules on credit review and approval, innovating in cloud credit review and approval system and launching asset quality improvement campaigns. **As for risk management in terms of defense line,** the Bank continuously stepped up the development of the first line of defense to intensify risk control from the source, while enhancing the professionalism in check and balance of the second line and the capability of supervising and detecting problems of the third line so as to form synergy in risk control among the three lines. **As for risk management in terms of bottom line,** the Bank stepped up the implementation of its strategic plan, capital plan and risk management plan, and optimized the risk management measures and capital replenishment mechanism to improve the risk resilience capability. In addition, it reinforced the implementation and evaluation of enterprise-level risk management responsibilities through including the evaluation results into the business performance appraisal, continuously consolidating the risk management accountability and safeguarding the risk bottom line.

III. Practicing Active Prevention, Smart Control and Comprehensive Management to Strengthen Risk Management

In terms of active prevention, the Bank effectively strengthened the direct responsibility of the first line of defense for risk management through continuously optimizing the regional, product, customer and industry structures and enhancing the staff's awareness and capability of active risk prevention. Besides, it kept a close eye on changes in the global financial market, geopolitics, key fields and key customer groups so that risks can be foreseen, coped with and disposed of in advance. **In terms of smart control,** the Bank continuously enhanced smart risk control through stepping up the development of "ICBC e Security", an intelligent risk management platform, and deepening the application of big data and big AI models to empower business development. It also reinforced risk management in the process of digital transformation through improving its capabilities of risk data aggregation and reporting. **In terms of comprehensive management,** the Bank continuously strengthened the Five-pronged Risk Management Approach, reinforced the management of risk appetite and risk limits, stepped up the building of the risk management policy systems and systematic procedures, and refined the whole-life-cycle risk control mechanism that covers all institutions, the five major markets of bond, foreign exchange, commodity, money and stock, as well as traditional and emerging risks.

As at the end of the first half of 2023, the Bank maintained steady trends of credit asset quality with allowance to NPLs and capital adequacy ratio kept at a sound level and all risks generally controllable. The Bank will continue to uphold the steady and prudent risk management principle and culture, deepen the implementation of the Five-pronged Risk Management Approach and continuously press for upgrades of the enterprise-wide risk management system to cement the safety firewall for high-quality development.

Information Disclosed Pursuant to the Capital Regulation

Capital Adequacy Ratio

Scope of Capital Adequacy Ratio Calculation

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

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

Please refer to the section headed "Discussion and Analysis — Capital Management".

Credit Risk

CREDIT RISK EXPOSURE

In RMB millions

Item	At 30 June 2023		At 31 December 2022	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Corporate	15,038,215	2,130,287	13,218,501	1,921,276
Sovereign	–	9,426,916	–	8,887,123
Financial institution	–	5,001,681	–	4,113,104
Retail	8,331,127	559,240	8,091,471	525,806
Equity	–	194,074	–	193,606
Asset securitization	–	92,326	–	97,472
Other	–	4,861,297	–	5,139,070
Total risk exposure	**23,369,342**	**22,265,821**	**21,309,972**	**20,877,457**

Please refer to the section headed "Discussion and Analysis — Risk Management" for overdue loans, NPLs and provision for loan impairment of the Bank at the end of the reporting period.

Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

In RMB millions

Risk type	At 30 June 2023	At 31 December 2022
Parts covered by internal model approach	**9,156**	**6,447**
Parts uncovered by internal model approach	**9,136**	**9,810**
Interest rate risk	5,964	5,335
Commodity risk	3,131	4,435
Option risk	41	40
Total	**18,292**	**16,257**

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

The Bank applied the Historical Simulation Method to measure the VaR and stressed VaR with a confidence interval of 99% and a holding period of 10 days on a daily basis, for use in capital measurement by internal model approach.

VALUE AT RISK (VAR)

In RMB millions

	Six months ended 30 June 2023				Six months ended 30 June 2022			
Item	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	**883**	**1,226**	**1,562**	**854**	**428**	**354**	**539**	**231**
Interest rate risk	496	786	1,064	360	204	223	287	125
Currency risk	577	653	770	418	343	313	365	219
Commodity risk	178	161	190	126	74	79	256	49
Stressed VaR	**1,416**	**1,846**	**2,206**	**1,040**	**1,709**	**1,683**	**2,058**	**996**
Interest rate risk	1,493	1,928	2,231	1,197	1,753	1,640	2,076	588
Currency risk	577	653	770	418	421	842	1,414	370
Commodity risk	178	161	190	126	137	145	518	97

Operational Risk

The Bank adopted the standardized approach to measure capital requirement for operational risk. As at the end of June 2023, the capital requirement for operational risk was RMB122,686 million.

Interest Rate Risk in the Banking Book

Please refer to the section headed "Discussion and Analysis — Risk Management" for the analysis on interest rate sensitivity in the banking book of the Bank categorized by major currencies at the end of the reporting period.

Equity Risk in the Banking Book

In RMB millions

	At 30 June 2023			At 31 December 2022		
Equity type	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealised potential gains (losses)(2)	Publicly-traded equity investment risk exposure(1)	Non-publicly-traded equity investment risk exposure(1)	Unrealised potential gains (losses)(2)
Financial institution	29,657	19,889	8,739	32,286	15,898	7,509
Corporate	28,888	127,317	(5,496)	22,292	137,390	(5,120)
Total	**58,545**	**147,206**	**3,243**	**54,578**	**153,288**	**2,389**

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

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

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2022		Increase/ decrease during the reporting period	At 30 June 2023	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	–	–	–	–	–
II. Shares not subject to restrictions on sales	356,406,257,089	100.00	–	356,406,257,089	100.00
1. RMB-denominated ordinary shares	269,612,212,539	75.65	–	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.35	–	86,794,044,550	24.35
III. Total number of shares	356,406,257,089	100.00	–	356,406,257,089	100.00

Notes: (1) The above data are based on the Equity Structure Chart issued by China Securities Depository and Clearing Corporation Limited.

(2) "Foreign shares listed overseas", namely H shares, are within the same meaning as defined in the "No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Corporate Shareholding" (Revision 2022) of CSRC.

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

Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, did not have any employee shares, nor did it issue any convertible bonds.

The Bank did not issue corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the "No. 3 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Half-year Report (Revision 2021)", nor did it have the above-mentioned corporate bonds existed on the approval date of this Report.

For details on the issuance progress of tier 2 capital bonds of the Bank during the reporting period, please refer to the section headed "Discussion and Analysis — Capital Management".

For information on other securities issued by the Bank and its subsidiaries, please refer to "Note 29. to the Financial Statements: Debt Securities Issued; Note 32. to the Financial Statements: Other Equity Instruments" for details.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 665,786 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 109,386 holders of H shares and 556,400 holders of A shares.

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease of shares during the reporting period	Number of shares held at the end of reporting period	Shareholding percentage (%)	Number of pledged/ locked-up/ marked shares
Huijin	State-owned	A Share	–	123,717,852,951	34.71	None
MOF	State-owned	A Share	–	110,984,806,678	31.14	None
HKSCC Nominees Limited(5)	Foreign legal person	H Share	-874,485	86,144,461,876	24.17	Unknown
SSF(6)	State-owned	A Share	–	12,331,645,186	3.46	None
China Securities Finance Co., Ltd.	State-owned legal person	A Share	–	2,416,131,540	0.68	None
Hong Kong Securities Clearing Company Limited(7)	Foreign legal person	A Share	452,490,304	2,352,569,225	0.66	None
Central Huijin Asset Management Co., Ltd.	State-owned legal person	A Share	–	1,013,921,700	0.28	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A Share	-496,716,473	480,363,392	0.13	None
ICBC — SSE 50 Exchange Traded Securities Investment Funds(8)	Other entities	A Share	1,805,800	302,031,053	0.08	None
Hexie Health Insurance Co., Ltd. — Universal insurance products	Other entities	A Share	86,178,800	253,542,001	0.07	None

Notes:

(1) The above data are based on the Bank's register of shareholders as at 30 June 2023.

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

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

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

(5) The number of shares held by HKSCC Nominees Limited at the end of the period refers to the total H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 30 June 2023, which included H shares of the Bank held by Ping An Asset Management Co., Ltd., SSF and Temasek Holdings (Private) Limited.

(6) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of SSF in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by SSF to the Bank, SSF also held 7,032,706,750 H shares of the Bank and 19,364,351,936 A and H shares in aggregate, accounting for 5.43% of the Bank's total ordinary shares.

(7) The number of shares held by Hong Kong Securities Clearing Company Limited at the end of the period refers to the total A shares (Northbound shares of the Shanghai-Hong Kong Stock Connect) held by it as a nominal holder designated by and on behalf of Hong Kong and foreign investors as at 30 June 2023.

(8) "ICBC — SSE 50 Exchange Traded Securities Investment Funds" are securities investment funds raised as approved by CSRC Zheng Jian Ji Jin Zi [2004] No. 196 Document dated 22 November 2004, with China Asset Management Co., Ltd. as the fund manager and ICBC as fund custodian.

Changes of the Controlling Shareholders and De Facto Controller

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

Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 30 June 2023, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

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

Notes: (1) According to the register of shareholders of the Bank as at 30 June 2023, Huijin held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Huijin, held 1,013,921,700 shares in the Bank.

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

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares[3] (%)	Percentage of total ordinary shares[3] (%)
Ping An Asset Management Co., Ltd.[1]	Investment manager	12,137,786,000	Long position	13.98	3.41
SSF[2]	Beneficial owner	7,730,678,573	Long position	8.91	2.17
Temasek Holdings (Private) Limited	Interest of controlled corporations	6,065,074,305	Long position	6.99	1.70

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 30 June 2023 (the date of relevant event being 31 January 2023). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by SSF to the Bank, SSF held 7,032,706,750 H shares of the Bank as at the end of the reporting period.

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

Preference Shares

Issuance and Listing of Preference Shares during the Reporting Period

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

Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 26 domestic preference shareholders of "工行優 1" and 36 domestic preference shareholders of "工行優 2".

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

Unit: Share

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

Notes: (1) The above data are based on the Bank's register of offshore preference shareholders as at 30 June 2023.

(2) As the issuance of the offshore preference shares above was non-public offering, the register of preference shareholders presented the information on the registered holder of the offshore preference shares.

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

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

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/locked-up/marked shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	13,110,000	2.9	–	None
Sun Life Everbright Asset Management Co., Ltd.	State-owned legal person	Domestic preference shares	11,715,000	11,715,000	2.6	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	-6,800,000	11,200,000	2.5	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of "工行優 1" as at 30 June 2023.

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

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

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	120,000,000	17.1	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	112,750,000	16.1	–	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	100,000,000	14.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	64,000,000	9.1	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	7.1	–	None
Jiangsu International Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	37,250,000	5.3	–	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,600,000	2.2	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of "工行優 2" as at 30 June 2023.

(2) Shanghai Tobacco Group Co., Ltd., China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are all wholly-owned subsidiaries of China National Tobacco Corporation. "China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu" is managed by China Life Insurance Company Limited. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or concert party action among the afore-mentioned preference shareholders and among the afore-mentioned preference shareholders and top 10 ordinary shareholders.

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

Dividend Distribution of Preference Shares

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

The Bank reviewed and approved the distribution of dividends on "工行優 2" and offshore USD preference shares at the meeting of the Board of Directors on 30 August 2023, planning to distribute the dividends on "工行優 2" on 25 September 2023 at the dividend rate of 4.2% (inclusive of tax, and the tax payable on dividends received by holders of domestic preference shares should be borne by them in compliance with relevant laws and regulations) and the total dividends distributed will be RMB2,940 million; and planning to distribute the dividends on offshore USD preference shares on 25 September 2023 at the dividend rate of 3.58% (post-tax, namely the actual dividend rate obtained by offshore USD preference shareholders) and the dividends distributed on offshore USD preference shares will be approximately USD115.3 million including approximately USD103.8 million to be paid to preference shareholders and approximately USD11.5 million of withholding income tax.

Redemption or Conversion of Preference Shares

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

Restoration of Voting Rights of Preference Shares

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

Accounting Policy Adopted for Preference Shares and Rationale

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

Directors, Supervisors and Senior Management

Basic Information on Directors, Supervisors and Senior Management

As at the disclosure date of the results, the composition of the Board of Directors, the Board of Supervisors and the Senior Management of the Bank is as follows:

The Board of Directors of the Bank consists of 13 directors, including three Executive Directors: Mr. Chen Siqing, Mr. Liao Lin and Mr. Wang Jingwu; five Non-executive Directors: Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang and Mr. Dong Yang; and five Independent Non-executive Directors: Mr. Anthony Francis Neoh, Mr. Yang Siu Shun, Mr. Shen Si, Mr. Fred Zuliu Hu and Mr. Norman Chan Tak Lam.

The Board of Supervisors of the Bank consists of three members, including one Employee Supervisor, namely Mr. Huang Li, and two External Supervisors, namely Mr. Zhang Jie and Mr. Liu Lanbiao.

The Bank has nine Senior Management members, namely Mr. Chen Siqing, Mr. Liao Lin, Mr. Wang Jingwu, Mr. Zhang Wenwu, Mr. Zhang Weiwu, Mr. Duan Hongtao, Mr. Guan Xueqing, Ms. Xiong Yan and Mr. Song Jianhua.

During the reporting period, the Bank did not implement any share incentives. None of the existing Directors, Supervisors and Senior Management members of the Bank or those who left office during the reporting period held shares or share options or were granted restricted shares of the Bank, and there was no change during the reporting period.

Appointment and Removal

Directors

At the Annual General Meeting for the Year 2022 held on 29 June 2023, Mr. Feng Weidong and Ms. Cao Liqun were re-elected as Non-executive Directors of the Bank, and their new terms of office started from the day of approval by the Annual General Meeting.

In April 2023, Mr. Zheng Guoyu ceased to act as Executive Director of the Bank due to change of job assignments.

Supervisors

In January 2023, Mr. Wu Xiangjiang ceased to act as Employee Supervisor of the Bank due to his age.

Senior Management Members

On 17 January 2023, the Board of Directors of the Bank appointed Mr. Duan Hongtao as Senior Executive Vice President of the Bank, and his qualification was approved by the former CBIRC in March 2023.

On 29 June 2023, the Board of Directors of the Bank appointed Mr. Tian Fenglin and Mr. Xie Taifeng as Chief Business Officers of the Bank, and their qualifications are still subject to the approval by NAFR.

In April 2023, Mr. Zheng Guoyu ceased to act as Senior Executive Vice President of the Bank due to change of job assignments.

Changes in Information of Directors and Supervisors

None.

Overview of Corporate Governance

During the reporting period, the Bank adhered to the political and people-oriented nature of financial work, strictly complied with relevant laws and regulations, and strengthened its top-level design of corporate governance based on the actual conditions of the Bank. It amended and improved the Articles of Association, continuously promoted the organic integration of the Party's leadership and corporate governance, and embedded the institutional advantages into the modern governance system building, so as to constantly improve the corporate governance. It continued to build the corporate governance and checks and balances mechanism featuring clearly-defined responsibilities and accountability, coordination and effective checks and balances, optimized the corporate governance operation mechanism with scientific decision-making process, effective supervision and steady operation, improved the corporate governance structure led by the Bank's Party Committee, with the Board of Directors acting as the decision-making organ, the Board of Supervisors responsible for compliance supervision, and the Management in charge of operation, and effectively enhanced the governance efficiency and high-quality development capability.

Corporate Governance Code

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

Shareholders' General Meeting

As of the day of results disclosure, the Bank convened the Annual General Meeting for the Year 2022 on 29 June 2023. The above meeting was convened and held in strict compliance with relevant laws and regulations. The Bank disclosed relevant announcements of resolutions and legal opinions in a timely manner in accordance with regulatory requirements. For details of the meeting, please refer to the announcements of the Bank dated 29 June 2023 on the websites of SSE, the "HKEXnews" of HKEX and the Bank.

Profits and Dividends Distribution

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

As approved at the Annual General Meeting for the Year 2022 held on 29 June 2023, the Bank distributed cash dividends of about RMB108,169 million, or RMB3.035 per ten shares (pre-tax) for the period from 1 January 2022 to 31 December 2022 to the ordinary shareholders whose names appeared on the share register after the close of market on 14 July 2023. The Bank will not declare or distribute interim dividends for 2023, nor will it convert any capital reserves to share capital.

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

Implementation of Share Incentive Plan and Employee Stock Ownership Plan During the Reporting Period

During the reporting period, the Bank did not implement any share incentive plan or any employee stock ownership plan.

Green Finance

In the first half of 2023, the Bank fully seized the development opportunities of green finance, systematically advanced the development of green finance, continuously refined the green finance service system, put forth effort to improve green finance service capability, used financial resources to support modernization featuring harmony between man and nature, and achieved high-quality development as it promoted green transition of economic and social development. The Bank won many awards including "Best Bank for Sustainable Finance in China" by *The Asset* and "Best Green Finance Service Bank of the Year" by the *Financial News*.

The Bank continued to push for volume increase, scope expansion and quality improvement of green investment and financing. As at the end of June, the Bank's balance of green loans (by the statistical standard of the NAFR) exceeded RMB5 trillion, ranking first among peers in terms of both total volume and increment and providing financial support to the green and low-carbon transition of the economy and society. The Bank successfully issued "carbon neutrality" themed overseas green bonds in multiple currencies amounting to an equivalent of USD2.2 billion and the funds raised from the issuance were used in green projects like green transportation and renewable energy. It also successfully issued RMB10.0 billion domestic green financial bonds, actively promoted BRBR green cooperation, and practiced the green development concept.

The Bank strengthened the development of the green finance policy supporting system. In terms of policy system, centering around key areas of green development, the Bank, through medium and long-term investment and financing planning, adjusted its investment and financing layout with foresight. In investment and financing policies, it stressed the "green" orientation, positioned green industries like clean energy, cleaner production and energy conservation and environmental protection as key industries to extend support to, and developed differentiated policies. Meanwhile, it embedded enterprises' technology, environmental protection, energy consumption and other indicators into the selection criteria of key industry customers and projects. In terms of supporting guarantee, the Bank focused on key areas of green industries and increased weighted support in economic capital occupancy, authorization, pricing, scale, evaluation, etc.

The Bank continued to strengthen environmental, social and governance ("ESG") risk control. The Bank implemented category-by-category management of green investment and financing. It classified investment and financing into 12 categories under four levels by ESG risk level and conducted differentiated management. The Bank issued the first green investment and financing guide among domestic peers to guide the green transition and ESG risk control of investment and financing business across the Bank. It actively pushed for systematic control of ESG risks and applied the big data technology in the full credit process for automatic identification and intelligent control of risks. It promoted prospective study and risk management of biodiversity, used the digital information of the ecological conservation redline to add the decision-making function on the site selection of loan-borrowing projects, and shared it as a typical case at the Second G20 Sustainable Finance Working Group Meeting.

Green Operation

The Bank put into operation and optimized the independently developed carbon footprint management data statistics system and collected three major data types, namely, carbon emission data, emission facilities and monitoring facilities, laying a solid foundation for the Group to carry out carbon peak and carbon neutrality related work. Based on historical carbon emission data, the Bank conducted research on carbon peak and carbon neutrality work in its own operations, analyzed its energy conservation and carbon emission reduction potential and implementation roadmap, and promoted energy conservation and carbon emission reduction in four areas, namely, IT infrastructure, building infrastructure, day-to-day office and key energy-using facilities. The Bank also engaged third-party specialists to verify the data through on-site inquiry and check, document review, etc.

The Bank continued to improve the level of green office. It optimized the videoconferencing function, strengthened management of important meetings, refined remote office services, put into operation the mobile approval for common office matters, continuously reduced office paper use, and further promoted green and efficient office.

Consolidating and Building on Achievements in Poverty Alleviation and Services for Rural Revitalization

The Bank implemented in depth the national strategic plan of accelerating the building of a strong agricultural country, carried out the Urban-Rural Collaborative Development Strategy, and actively held the "Year for Improving Financial Services for Rural Revitalization" themed activity. It continued to increase financial injection into agriculture-related areas, further refined the rural financial service system, strengthened extension into and coverage of rural areas without access to financial services, and put forth effort to provide sound, quality, characteristic and sustainable financial services for rural revitalization.

Agriculture-related credit supply was further intensified. Focusing on the requirements of "securing bottom lines, bolstering vitalization and reinforcing support", the Bank continued to set forth separate agriculture-related credit plans, inclusive agriculture-related credit plans, credit plans for key counties for receiving assistance for rural revitalization, etc. and increased credit support to consolidation of achievements in poverty alleviation, grain security, rural industries, rural construction, growth in rural income, etc.

The quality and efficiency of rural financial services were further improved. The Bank accelerated optimal layout of outlets in counties, pushed for construction of inclusive financial service sites in rural areas, and promoted the "ICBC Xingnongtong" APP. Rural financial services were extended to cover more than 1,800 counties and service contacts were expanded in lower-tier markets in all respects, effectively connecting the "last mile" of financial service access in rural areas. At the same time, the Bank continued to enrich the means to serve "agriculture, rural areas and farmers", developing exclusive loan products like "Planting e Loan" and "Prosperous Agriculture Industrial Loan". It also promoted characteristic service models such as "Bank-Guarantee Express" and "Bank-Insurance Express" and provided "point-to-point" financing service to new types of agricultural business entities such as family farms and farmers' cooperatives.

The Bank accelerated development of rural services with ICBC's characteristics. With a focus on the needs of "agriculture, rural areas and farmers", the Bank implemented in-depth special actions to make "agriculture, rural areas and farmers" prosperous, such as serving food security to boost industrial revitalization, building agricultural and rural infrastructure, and serving personal customers in rural areas, etc. and continued to improve the adaptability, competitiveness and inclusion of the Bank's rural financial services. The Bank supported rural governance through the "Digital Villages" comprehensive service platform, which now covers more than 100 thousand village collectives in all provinces of China. Moreover, the Bank carried out "Agricultural Matchmaking", which served more than 210 thousand agricultural business entities, held a total of more than 170 events, and helped conclude more than 16 thousand supply and demand cooperation agreements for "agriculture, rural areas and farmers". Persisting in technology-driven development, the Bank accelerated the development of a comprehensive agriculture-related data system and continued to explore application scenarios of new technologies like big data, AI, blockchain and satellite remote sensing in agriculture-related areas.

The Bank consolidated and built on the achievements in poverty alleviation and supported the four designated counties and cities that ICBC is paired up with to further consolidate the foundation of poverty alleviation. The Bank coordinated the continuity of the assistance and the needs of the four targeted counties and continued to support the projects of improving school environment, purchasing medical equipment and other assistance projects to fill the gaps. The Bank continued to implement the "poverty alleviation insurance" program, and timely identified and paid compensation to the rural residents in the four counties and cities who suffer a sharp drop in annual income due to illness, education or disaster, and prevented large-scale return to poverty from the source. Meanwhile, it promoted industrial development based on local resource endowment, actively helped the four counties and cities to build a strong rural talent team, and formed a four-in-one new talent-empowered revitalization model that integrates "front building, online training, joint base construction and training transfer".

As at the end of June, the Bank's balance of agriculture-related loans recorded RMB3.96 trillion, an increase of RMB682 billion over the beginning of the year. The balance, increment and growth rate all maintained the lead among peers. The balance of loans to areas getting out of poverty posted RMB1.01 trillion, an increase of RMB108.9 billion over the beginning of the year. The balance of loans to key counties for receiving assistance was RMB158.6 billion with a growth rate higher than the average growth rate of all loans of the Bank.

Consumer Protection

The Bank implemented the laws, regulations and regulatory requirements regarding consumer protection, and took various measures to protect legitimate rights and interests of consumers. The Board of Directors, the Board of Supervisors and the Senior Management earnestly fulfilled their responsibilities, made planning and provided guidance for consumer protection and complaint management work, conducted work oversight, and pushed for the implementation of resolutions of the Board of Directors. The Consumer Protection Committee reviewed the implementation of key tasks of consumer protection and preparation of important policies and regulations, studied key complaint governance matters, and actively gave play to its role in overall planning and coordination. The Bank continued to deepen whole-process management, promoted the application of the new product consumer protection access and post-assessment management mechanism, and incorporated the consumer protection concept into the full lifecycle of products and services. In the consumer protection work assessment, the Bank refined consumer protection assessment factors for branches and subsidiaries and strengthened comprehensive ex ante, in-process and ex post consumer protection assessment. It conducted reviews on financial products in terms of consumer protection and gave risk warnings to actively protect consumers' rights and interests and enhance customer experience. Besides, it carried out activities like "staying true to the original aspiration and satisfying the people" in depth, continuously enhanced financial services for elderly customers, new urban residents, rural residents and other groups with a focus on enhancing customer satisfaction and happiness with financial services.

The Bank implemented in depth root cause management of complaints and carried out the activity of "The Year for Deepening Complaint Management in Personal Finance". With a focus on the issues that the people have a direct interest in and are most concerned about, the Bank managed complaints in a centralized manner and further improved customer service capability. It continued to refine the complaint handling mechanism and put forth effort to improve complaint handling and resolution capabilities to offer better and more efficient customer experience. It deepened application of AI in customer complaint management, raised the level of automation in customer complaint monitoring, early warning, analysis and handling, and accelerated digital transformation of complaint management.

The Bank carried in depth activities like "March 15th Consumer Protection Publicity Week" and "Publicizing Financial Knowledge to Walk Ten Thousand Miles". It dynamically integrated its major strategies and business development and stressed the three main tasks of "carrying forward the spirit of Lei Feng", "ensuring fund security" and "supporting consumption recovery". Focusing on the three main themes of "spreading financial knowledge", "caring for the elderly customer group, young customer group and new urban residents" and "developing intelligent services for rural revitalization", the Bank integrated quality resources in and outside the Bank and especially directed efforts at key contents and special groups with an aim to expand the publicity coverage and influence and enhance consumers' financial literacy and risk prevention capability. It put in place the decisions and arrangements of providing financing support to rural revitalization, enhanced online and offline education efforts, and intensified financial education for rural residents. With a focus on key contents such as new regulatory rules, consumer protection review and customer complaint management, the Bank conducted themed training on customer complaint management, consumer protection, etc. and pushed for integration of consumer protection training and business training.

Use of Proceeds from Fundraising Activities

The funds raised from the Bank's fundraising activities were used for the purposes as disclosed in the prospectuses, namely, strengthening the capital base to support the ongoing business growth of the Bank.

For future planning disclosed in the public disclosure documents such as previous offering prospectuses and fundraising prospectuses issued by the Bank which has continued during the reporting period, its implementation progress conformed to the planning as described after verification and analysis.

Occupation of the Bank's Fund by Controlling Shareholders and Other Related Parties for Non-Business Purposes

During the reporting period, none of the controlling shareholders and other related parties of the Bank occupied any fund of the Bank for non-business purposes.

Material Lawsuits or Arbitration Cases

During the reporting period, the Bank incurred no material lawsuits or arbitration cases. It was involved in several legal disputes in its ordinary course of business. Most of these cases were initiated by the Bank to recover non-performing loans, while some were related to disputes with clients. As at 30 June 2023, the amount of cases pending judgments or arbitration awards in which the Bank and/or its subsidiaries are defendants totaled RMB6,860 million, and the Bank does not expect any material adverse effect from the above-mentioned cases on the Bank's business, financial position or operating results.

Credit Standing

During the reporting period, neither the Bank nor its controlling shareholders had ever failed to fulfil obligations provided in effective legal documents issued by court for material lawsuits, nor had there been any outstanding debt of significant amount.

Material Assets Acquisition, Sale and Merger

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

Material Related Party Transactions

The Bank carried out standardized management over the Group's related party transactions in strict compliance with the regulations of NAFR and CSRC as well as the listing rules of Shanghai and Hong Kong, and had no related party transactions to be submitted to the Board of Directors or the Shareholders' General Meeting for review. All related party transactions occurred complied with the disclosure exemptions under the Listing Rules of the Shanghai Stock Exchange and the Hong Kong Listing Rules. The disclosure exemptions abided by the provisions of SSE for disclosure of related party transactions as well as the provisions of SEHK for reporting and announcement of related party translations.

During the reporting period, the Bank did not enter into any material related party transactions, nor any new or existing agreements on continuing related party transactions.

Please refer to "Note 41. to the Consolidated Financial Statements: Related Party Disclosures" for details of the related party transactions defined under the laws and regulations of China and the relevant accounting standards.

Material Contracts and Performance of Obligations thereunder

Material Trust, Sub-contract and Lease During the reporting period, the Bank had not held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations, which were subject to disclosure, and no other corporation had held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets, which were subject to disclosure.

Material Guarantees The provision of guarantees is in the ordinary course of business of the Bank. During the reporting period, the Bank did not have any material guarantee that needs to be disclosed except for the financial guarantee services within the business scope as approved by regulatory authorities.

Other Material Contracts During the reporting period, the Bank did not have any other material contracts which were subject to disclosure.

External Guarantees During the reporting period, the Bank did not enter any guarantee contract against the resolution procedures for external guarantees that are prescribed by laws, administrative regulations or CSRC.

Commitments

As at 30 June 2023, all of the continuing commitments made by the shareholders were properly fulfilled, and were listed as follows:

Shareholder	Type of commitment	Time and term of commitment	Legal document under which the commitment is made	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/ No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Share)	Provided that Huijin continues to hold any share of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will: (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of being a shareholder of the Bank or information obtained by taking advantage of the status of being a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	As at 30 June 2023, Huijin strictly fulfilled the above commitment and did not do anything in violation of the commitment.
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		
SSF	Commitment of performing the obligation of lock-up period for A shares	Taking effect from December 2019/ Above three years	Simplified Report of Changes in Equity of National Council for Social Security Fund	According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares.	As at 30 June 2023, SSF strictly fulfilled the above commitment and did not do anything in violation of the commitment.

Disciplinary Actions During the reporting period, the Bank was not subject to any case filing investigation for suspected crime, nor was any of its controlling shareholders, Directors, Supervisors and Senior Management members subject to coercive measures for suspected crime; neither the Bank nor its controlling shareholders, Directors, Supervisors and Senior Management members were subject to any criminal penalty or any case filing investigation by CSRC for suspected illegality or irregularity or administrative penalty by CSRC or material administrative penalty by other competent authority; none of its controlling shareholders, Directors, Supervisors and Senior Management members was held in retention by the disciplinary inspection and supervision organ because of suspected serious illegality or irregularity or work-related crime, which affected their duty performance; none of its Directors, Supervisors and Senior Management members was subject to coercive measures taken by other competent authority for suspected illegality or irregularity, which affected their duty performance; neither the Bank nor any of its controlling shareholders, Directors, Supervisors and Senior Management members was subject to any administrative or regulatory measures taken by CSRC or disciplinary sanction imposed by stock exchanges.

Purchase, Sale and Redemption of Shares During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed shares of the Bank.

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

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors As at 30 June 2023, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

Review of the Interim Report

The 2023 interim financial reports prepared by the Bank in accordance with PRC GAAP and IFRSs have been reviewed by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and international standards on review engagements, respectively.

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

Disclosure of Losses on a Consolidated Basis That Exceed 10% of Net Assets at the end of the Previous Year, Reasons for Such Losses and Impacts on the Bank's Operation Capability and Solvency Not applicable.

Review Report and Interim Financial Report

Contents

Deloitte. 德勤

To the board of directors of Industrial and Commercial Bank of China Limited

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the consolidated financial statements of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (collectively the "Group") set out on pages 94 to 101, which comprise the consolidated statement of financial position as of 30 June 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and certain 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 these consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these consolidated financial statements based on our review, and to report our conclusion 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 International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", issued by the International Auditing and Assurance Standards Board. A review of these consolidated financial statements 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 International 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2023

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (restated)
Interest income	3	696,583	619,209
Interest expense	3	(359,596)	(268,598)
NET INTEREST INCOME	3	336,987	350,611
Fee and commission income	4	82,363	83,649
Fee and commission expense	4	(8,898)	(7,608)
NET FEE AND COMMISSION INCOME	4	73,465	76,041
Net trading income	5	9,871	4,635
Net gains on financial investments	6	12,664	7,182
Other operating (expense)/income, net	7	(4,081)	5,692
OPERATING INCOME		428,906	444,161
Operating expenses	8	(105,379)	(102,496)
Impairment losses on assets	9	(122,255)	(133,849)
OPERATING PROFIT		201,272	207,816
Share of results of associates and joint ventures		2,383	2,187
PROFIT BEFORE TAXATION		203,655	210,003
Income tax expense	10	(28,935)	(37,184)
PROFIT FOR THE PERIOD		174,720	172,819
Profit for the period attributable to:			
Equity holders of the parent company		173,744	171,670
Non-controlling interests		976	1,149
PROFIT FOR THE PERIOD		174,720	172,819
EARNINGS PER SHARE			
– Basic (RMB yuan)	12	0.48	0.47
– Diluted (RMB yuan)	12	0.48	0.47

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023
(In RMB millions, unless otherwise stated)

	Note	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (restated)
Profit for the period		174,720	172,819
Other comprehensive income (after tax, net):	34		
(a) Items that will not be reclassified to profit or loss:			
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income		945	(3,241)
(ii) Other comprehensive income recognised under the equity method		(18)	(14)
(iii) Other		7	6
(b) Items that may be reclassified subsequently to profit or loss:			
(i) Changes in fair value of debt instruments measured at fair value through other comprehensive income		11,417	(15,553)
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income		422	2,365
(iii) Cash flow hedging reserve		(180)	446
(iv) Other comprehensive income recognised under the equity method		(46)	(153)
(v) Foreign currency translation reserve		9,412	10,645
(vi) Other		(3,860)	(1,416)
Subtotal of other comprehensive income for the period		18,099	(6,915)
Total comprehensive income for the period		192,819	165,904
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		191,677	164,436
Non-controlling interests		1,142	1,468
		192,819	165,904

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2023
(In RMB millions, unless otherwise stated)

	Notes	30 June 2023 (unaudited)	31 December 2022 (restated)
ASSETS			
Cash and balances with central banks	13	3,671,553	3,427,892
Due from banks and other financial institutions	14	1,232,233	1,192,532
Derivative financial assets	15	106,575	87,205
Reverse repurchase agreements	16	1,693,205	864,122
Loans and advances to customers	17	24,602,095	22,591,676
Financial investments	18	11,255,131	10,533,702
Financial investments measured at fair value through profit or loss		813,301	747,474
Financial investments measured at fair value through other comprehensive income		2,396,732	2,223,096
Financial investments measured at amortised cost		8,045,098	7,563,132
Investments in associates and joint ventures	19	63,552	65,790
Property and equipment	20	300,655	293,887
Deferred tax assets	21	108,434	101,117
Other assets	22	636,173	452,223
TOTAL ASSETS		**43,669,606**	**39,610,146**

The accompanying notes form part of these consolidated financial statements.

(In RMB millions, unless otherwise stated)

	Notes	30 June 2023 (unaudited)	31 December 2022 (restated)
LIABILITIES			
Due to central banks		224,684	145,781
Due to banks and other financial institutions	24	3,050,944	3,187,712
Financial liabilities measured at fair value through profit or loss	25	61,934	64,287
Derivative financial liabilities	15	119,549	96,350
Repurchase agreements	26	692,327	574,778
Certificates of deposit	27	358,044	375,452
Due to customers	28	33,373,772	29,870,491
Income tax payable		44,811	85,581
Debt securities issued	29	1,174,487	905,953
Deferred tax liabilities	21	4,217	3,950
Other liabilities	30	968,417	784,392
TOTAL LIABILITIES		**40,073,186**	**36,094,727**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	31	356,407	356,407
Other equity instruments	32	354,331	354,331
Preference shares		134,614	134,614
Perpetual bonds		219,717	219,717
Reserves	33	1,031,901	1,013,624
Retained profits		1,833,360	1,771,747
		3,575,999	3,496,109
Non-controlling interests		20,421	19,310
TOTAL EQUITY		**3,596,420**	**3,515,419**
TOTAL EQUITY AND LIABILITIES		**43,669,606**	**39,610,146**

Chen Siqing
Chairman

Liao Lin
Vice Chairman, President, and
Person in charge of Finance and Accounting Department

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 31 December 2022	356,407	354,331	148,280	392,487	496,719	767	(17,241)	(2,987)	(1,129)	1,016,896	1,767,537	3,495,171	18,655	3,513,826
Changes in accounting policies	–	–	–	–	–	1,576	–	–	(4,848)	(3,272)	4,210	938	655	1,593
Balance as at 1 January 2023	356,407	354,331	148,280	392,487	496,719	2,343	(17,241)	(2,987)	(5,977)	1,013,624	1,771,747	3,496,109	19,310	3,515,419
Profit for the period	–	–	–	–	–	–	–	–	–	–	173,744	173,744	976	174,720
Other comprehensive income	–	–	–	–	–	11,906	9,075	(223)	(2,825)	17,933	–	17,933	166	18,099
Total comprehensive income	–	–	–	–	–	11,906	9,075	(223)	(2,825)	17,933	173,744	191,677	1,142	192,819
Dividends – ordinary shares 2022 final (Note 11)	–	–	–	–	–	–	–	–	–	–	(108,169)	(108,169)	–	(108,169)
Distributions to other equity instrument holders (Note 11)	–	–	–	–	–	–	–	–	–	–	(3,634)	(3,634)	–	(3,634)
Appropriation to surplus reserve (i)	–	–	–	252	–	–	–	–	–	252	(252)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	272	–	–	–	–	272	(272)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(196)	–	–	–	(196)	196	–	–	–
Other	–	–	16	–	–	–	–	–	–	16	–	16	–	16
Balance as at 30 June 2023 (unaudited)	**356,407**	**354,331**	**148,296**	**392,739**	**496,991**	**14,053**	**(8,166)**	**(3,210)**	**(8,802)**	**1,031,901**	**1,833,360**	**3,575,999**	**20,421**	**3,596,420**

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB112 million and RMB140 million, respectively.

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB272 million.

	Attributable to equity holders of the parent company													
			Reserves											
Restated	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 31 December 2021	356,407	354,331	148,703	357,169	438,952	24,628	(39,999)	(4,243)	1,165	926,375	1,620,642	3,257,755	17,503	3,275,258
Changes in accounting policies	–	–	–	–	–	1,459	69	–	(3,988)	(2,460)	3,561	1,101	787	1,888
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	26,087	(39,930)	(4,243)	(2,823)	923,915	1,624,203	3,258,856	18,290	3,277,146
Profit for the period	–	–	–	–	–	–	–	–	–	–	171,670	171,670	1,149	172,819
Other comprehensive income	–	–	–	–	–	(16,650)	10,348	475	(1,407)	(7,234)	–	(7,234)	319	(6,915)
Total comprehensive income	–	–	–	–	–	(16,650)	10,348	475	(1,407)	(7,234)	171,670	164,436	1,468	165,904
Dividends – ordinary shares 2021 final (Note 11)	–	–	–	–	–	–	–	–	–	–	(104,534)	(104,534)	–	(104,534)
Distributions to other equity instrument holders (Note 11)	–	–	–	–	–	–	–	–	–	–	(3,559)	(3,559)	–	(3,559)
Appropriation to surplus reserve (i)	–	–	–	133	–	–	–	–	–	133	(133)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	3,646	–	–	–	–	3,646	(3,646)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(28)	(28)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(74)	–	–	–	(74)	74	–	–	–
Other	–	–	(495)	–	–	–	1,950	–	–	1,455	(1,478)	(23)	36	13
Balance as at 30 June 2022	**356,407**	**354,331**	**148,208**	**357,302**	**442,598**	**9,363**	**(27,632)**	**(3,768)**	**(4,230)**	**921,841**	**1,682,597**	**3,315,176**	**19,766**	**3,334,942**

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB68 million and RMB65 million, respectively.

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB3,646 million.

The accompanying notes form part of these consolidated financial statements.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
Restated	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 31 December 2021	356,407	354,331	148,703	357,169	438,952	24,628	(39,999)	(4,243)	1,165	926,375	1,620,642	3,257,755	17,503	3,275,258
Changes in accounting policies	–	–	–	–	–	1,459	69	–	(3,988)	(2,460)	3,561	1,101	787	1,888
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	26,087	(39,930)	(4,243)	(2,823)	923,915	1,624,203	3,258,856	18,290	3,277,146
Profit for the year	–	–	–	–	–	–	–	–	–	–	361,132	361,132	978	362,110
Other comprehensive income	–	–	–	–	–	(23,425)	20,739	1,256	(3,154)	(4,584)	–	(4,584)	34	(4,550)
Total comprehensive income	–	–	–	–	–	(23,425)	20,739	1,256	(3,154)	(4,584)	361,132	356,548	1,012	357,560
Dividends – ordinary shares 2021 final (Note 11)	–	–	–	–	–	–	–	–	–	–	(104,534)	(104,534)	–	(104,534)
Distributions to other equity instrument holders	–	–	–	–	–	–	–	–	–	–	(14,810)	(14,810)	–	(14,810)
Appropriation to surplus reserve (i)	–	–	–	35,318	–	–	–	–	–	35,318	(35,318)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	57,767	–	–	–	–	57,767	(57,767)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(28)	(28)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(319)	–	–	–	(319)	319	–	–	–
Other	–	–	(423)	–	–	–	1,950	–	–	1,527	(1,478)	49	36	85
Balance as at 31 December 2022	**356,407**	**354,331**	**148,280**	**392,487**	**496,719**	**2,343**	**(17,241)**	**(2,987)**	**(5,977)**	**1,013,624**	**1,771,747**	**3,496,109**	**19,310**	**3,515,419**

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB68 million and RMB907 million, respectively.

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB4,196 million.

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 June 2023
(In RMB millions, unless otherwise stated)

	Notes	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		203,655	210,003
Adjustments for:			
Share of results of associates and joint ventures		(2,383)	(2,187)
Depreciation		15,227	14,856
Amortisation	8	2,126	1,637
Impairment losses on assets	9	122,255	133,849
Unrealised (gains)/losses on foreign exchange		(2,631)	12,874
Interest expense on debt securities issued		19,200	14,355
Accreted interest on impaired loans		(839)	(879)
Net gains on financial investments		(12,282)	(13,168)
Interest income on financial investments		(165,748)	(140,806)
Net (gains)/losses on changes in fair value		(4,872)	3,975
Net gains on disposal and stocktake of property and equipment and other assets (other than repossessed assets)		(1,060)	(957)
Dividend income	6	(2,152)	(2,195)
		170,496	231,357
Net (increase)/decrease in operating assets:			
Due from central banks		(164,427)	(133,089)
Due from banks and other financial institutions		98,930	(33,553)
Financial assets measured at fair value through profit or loss		(35,610)	(131,686)
Reverse repurchase agreements		62,493	(22,975)
Loans and advances to customers		(2,046,867)	(1,639,060)
Other assets		(193,580)	5,513
		(2,279,061)	(1,954,850)
Net (decrease)/increase in operating liabilities:			
Financial liabilities measured at fair value through profit or loss		(2,810)	24
Due to central banks		78,817	27,082
Due to banks and other financial institutions		(174,055)	339,381
Repurchase agreements		108,226	116,480
Certificates of deposit		(29,096)	(42,871)
Due to customers		3,404,369	2,707,647
Other liabilities		100,651	69,261
		3,486,102	3,217,004
Net cash flows from operating activities before taxation		1,377,537	1,493,511
Income tax paid		(80,268)	(83,106)
Net cash flows from operating activities		1,297,269	1,410,405

The accompanying notes form part of these consolidated financial statements.

(In RMB millions, unless otherwise stated)

	Note	Six months ended 30 June	
		2023 (unaudited)	2022 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(14,852)	(16,122)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		6,447	665
Purchases of financial investments		(2,452,462)	(2,345,763)
Proceeds from sale and redemption of financial investments		1,829,148	1,534,583
Investments in associates and joint ventures		–	(3,762)
Proceeds from disposal of associates and joint ventures		1,764	1,511
Investment returns received		173,134	147,758
Net cash flows from investing activities		(456,821)	(681,130)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt securities		718,126	496,196
Interest paid on debt securities		(21,859)	(12,684)
Repayment of debt securities		(456,871)	(446,942)
Dividends or interest paid to other equity instrument holders		(3,634)	(3,559)
Dividends paid to non-controlling shareholders		(31)	(28)
Cash payment for other financing activities		(3,859)	(2,785)
Net cash flows from financing activities		231,872	30,198
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,072,320	759,473
Cash and cash equivalents at beginning of the period		1,926,851	1,436,757
Effect of exchange rate changes on cash and cash equivalents		37,703	24,010
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	35	3,036,874	2,220,240
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		549,937	527,744
Interest paid		(314,088)	(206,102)

The accompanying notes form part of these consolidated financial statements.

1. CORPORATE INFORMATION

Industrial and Commercial Bank of China Limited (the "Bank"), which was previously known as Industrial and Commercial Bank of China ("ICBC"), used to be a wholly-state-owned commercial bank established on 1 January 1984 based on the authorisation of the State Council and the People's Bank of China (the "PBOC") of the People's Republic of China (the "PRC"). On 28 October 2005, with the approval of the State Council, ICBC was restructured and incorporated as a joint-stock limited company. The joint-stock limited company undertook all the assets and liabilities of ICBC upon the restructuring. On 27 October 2006, the Bank was listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The Bank obtained authorisation to carry out banking business with an institution code of No. B0001H111000001 from the former China Banking and Insurance Regulatory Commission (the former "CBIRC") of the PRC. The Bank obtained its business license with unified social credit code 91100000100003962T from the Beijing Municipal Administration for Market Regulation. The legal representative is Mr. Chen Siqing and the registered office is located at No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC.

The Bank's stock codes of A Shares and H Shares listed on Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited are 601398 and 1398, respectively. The Bank's offshore preference shares are listed on The Stock Exchange of Hong Kong Limited and the stock code is 4620. The Bank's domestic preference shares are listed on Shanghai Stock Exchange and the stock codes are 360011 and 360036.

The principal activities of the Bank and its subsidiaries (collectively referred to as the "Group") comprise corporate financial services, personal financial services, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services. Domestic establishments refer to the Head Office of the Bank, branches and subsidiaries established in Chinese mainland. Overseas establishments refer to branches and subsidiaries established in jurisdictions outside Chinese mainland.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was approved by the board of directors on 30 August 2023.

The consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's last annual financial statements for the year ended 31 December 2022.

The consolidated financial statements have been reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's consolidated financial statements:

- IFRS 17 and its amendments: Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
- Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

IFRS 17 Insurance Contracts and its amendments

IFRS 17 Insurance Contracts and its amendments (hereinafter referred to as the "New Insurance Contract Standard") establishes the principles of recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.

The definition of insurance contract has been elaborated in the New Insurance Contract Standard which specified the combination and separation of insurance contract, introduced the concept of insurance contract group and refined the measurement model of insurance contract. It also made an adjustment to the principle of revenue recognition for insurance services and refined the measurement methods of contract service margins. The New Insurance Contract Standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group has implemented the New Insurance Contract Standard on 1 January 2023 and made retrospective adjustments to the financial statements figures for comparative periods in accordance with the transition requirements. To facilitate smooth transition to the New Insurance Contract Standard, the Group has reassessed the business model for managing its relevant financial assets, reclassified and remeasured certain financial assets and restated the financial statement line items for comparative periods in accordance with the requirements.

The associate of the Group Standard Bank Group Limited (hereinafter referred to as " the Standard Bank") has also adopted the New Insurance Contract Standard and the Group has restated the relevant comparative figures under the equity method accordingly.

(In RMB millions, unless otherwise stated)

The major effect of the above changes in accounting policies on the Group's financial items is set out below:

	Six months ended 30 June		
	2022 (originally stated)	2022 (restated)	Adjustments
Operating income	443,788	444,161	373
Profit before taxation	209,145	210,003	858
Net profit	172,570	172,819	249
Net profit attributable to equity holders of the parent company	171,506	171,670	164

	31 December 2022 (originally stated)	31 December 2022 (restated)	Adjustments
Financial investments	10,527,292	10,533,702	6,410
Financial investments measured at fair value through profit or loss	714,879	747,474	32,595
Financial investments measured at fair value through other comprehensive income	2,178,018	2,223,096	45,078
Financial investments measured at amortised cost	7,634,395	7,563,132	(71,263)
Total assets	39,609,657	39,610,146	489
Total liabilities	36,095,831	36,094,727	(1,104)
Equity attributable to equity holders of the parent company	3,495,171	3,496,109	938
Total equity	3,513,826	3,515,419	1,593

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The amendments mainly relate to the scope of exemption for the initial recognition of deferred income tax in the International Accounting Standards (IAS) 12 – Income Taxes, and clarifies that the individual transaction 1) that is not arising from business combination; 2) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction; and 3) that the equivalent taxable temporary differences and deductible temporary differences are generated due to the initially recognised assets and liabilities is not applicable to the regulations on the exemptions from initially recognised deferred tax liabilities and deferred tax assets.With this amendment, the Group has been required to recognise one deferred tax asset (to the extent that taxable income is likely to be obtained to offset the deductible temporary difference) and one deferred tax liability for all deductible and taxable temporary differences relating to right-of-use assets and lease liabilities. The adoption of the amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

The Group is assessing the impacts on application of Pillar Two Rules.

The adoption of the above other amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

(In RMB millions, unless otherwise stated)

Material accounting policy information

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments and certain non-financial assets measured at fair value.

Other than the application of the new and amendments to IFRSs mentioned above, the accounting policies and methods of computation used in the consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2022.

3. NET INTEREST INCOME

	Six months ended 30 June	
	2023	2022
Interest income on:		
Loans and advances to customers		
Corporate loans and advances	287,358	247,365
Personal loans	181,145	188,239
Discounted bills	8,932	7,150
Financial investments	165,748	140,806
Due from banks and other financial institutions (i)	27,184	14,673
Due from central banks	26,216	20,976
	696,583	619,209
Interest expense on:		
Due to customers	(284,796)	(223,078)
Due to banks and other financial institutions (ii)	(47,916)	(30,057)
Debt securities issued and certificates of deposit	(26,884)	(15,463)
	(359,596)	(268,598)
Net interest income	336,987	350,611

(i) Includes interest income on reverse repurchase agreements.

(ii) Includes interest expense on due to central banks and repurchase agreements.

The above interest income and expense are related to financial instruments which are not measured at fair value through profit or loss.

(In RMB millions, unless otherwise stated)

4. NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2023	2022
Fee and commission income on:		
Settlement, clearing business and cash management	24,398	24,186
Personal wealth management and private banking services	14,019	15,499
Investment banking business	13,677	12,983
Bank card business	10,234	8,681
Corporate wealth management services	6,863	8,070
Guarantee and commitment business	5,865	6,664
Asset custody business	4,380	4,598
Trust and agency services	1,372	1,268
Other	1,555	1,700
	82,363	83,649
Fee and commission expense	(8,898)	(7,608)
Net fee and commission income	73,465	76,041

Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above is an amount of RMB10,017 million (six months ended 30 June 2022: RMB12,839 million) with respect to trust and other fiduciary activities for the period.

5. NET TRADING INCOME

	Six months ended 30 June	
	2023	2022
Debt securities	7,247	3,132
Derivatives and other	3,160	2,862
Equity investments	(536)	(1,359)
	9,871	4,635

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

6. NET GAINS ON FINANCIAL INVESTMENTS

	Six months ended 30 June	
	2023	2022
Dividend income from equity investments designated as at FVTOCI, including:	2,152	2,195
Derecognised during the period	170	11
Held at the end of current period	1,982	2,184
Net gains on financial instruments measured at FVTPL, including:	7,956	2,940
Net losses on financial instruments designated as at FVTPL	(1,993)	(2,622)
Net gains on disposal of financial instruments measured at FVTOCI	924	2,009
Other	1,632	38
	12,664	7,182

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

"FVTOCI" stands for fair value through other comprehensive income.

(In RMB millions, unless otherwise stated)

7. OTHER OPERATING (EXPENSE)/INCOME, NET

	Six months ended 30 June	
	2023	2022
Net operating lease business income	5,459	6,362
Net insurance business expense	(3,996)	(1,039)
Net gains on disposal of property and equipment, repossessed assets and other assets	1,110	986
Net losses on foreign exchange and foreign exchange products	(5,339)	(1,007)
Other	(1,315)	390
	(4,081)	5,692

8. OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
Staff costs:		
Salaries and bonuses	42,263	41,843
Staff benefits	11,304	11,685
Post-employment benefits – defined contribution plans (i)	9,433	9,249
	63,000	62,777
Property and equipment expenses:		
Depreciation charge for property and equipment	8,042	7,935
Depreciation charge for right-of-use assets, and other leasing expense	3,781	3,873
Repairs and maintenance charges	955	923
Utility expenses	928	860
	13,706	13,591
Amortisation	2,126	1,637
Other administrative expenses	10,717	9,984
Taxes and surcharges	5,498	4,918
Other	10,332	9,589
	105,379	102,496

(i) The defined contribution plans mainly include pension insurance, unemployment insurance and the annuity plan.

9. IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2023	2022
Loans and advances to customers (Note 17)	108,546	97,868
Other	13,709	35,981
	122,255	133,849

(In RMB millions, unless otherwise stated)

10. INCOME TAX EXPENSE

(a) Income tax expense

	Six months ended 30 June	
	2023	2022
Current income tax expense		
Chinese mainland	36,427	50,083
Hong Kong SAR and Macau SAR	772	1,037
Other overseas jurisdictions	2,299	1,617
	39,498	52,737
Deferred income tax expense	(10,563)	(15,553)
	28,935	37,184

(b) Reconciliation between income tax and accounting profit

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

	Six months ended 30 June	
	2023	2022
Profit before taxation	203,655	210,003
Tax at the PRC statutory income tax rate	50,914	52,501
Effects of different applicable rates of tax prevailing in other countries/regions	(406)	(664)
Effects of non-deductible expenses (i)	10,569	14,877
Effects of non-taxable income (ii)	(31,029)	(29,025)
Effects of profits attributable to associates and joint ventures	(204)	(547)
Effects of other	(909)	42
Income tax expense	28,935	37,184

(i) The non-deductible expenses mainly represent non-deductible impairment allowance and write-offs.

(ii) The non-taxable income mainly represents interest income arising from the PRC government bonds and municipal debts.

11. DIVIDENDS

	Six months ended 30 June	
	2023	2022
Dividends on ordinary shares declared and paid or proposed:		
Dividends on ordinary shares for 2022 RMB0.3035 per share (2021: RMB0.2933 per share)	108,169	104,534
Dividends or interests declared and paid to other equity instrument holders:		
Interest on perpetual bond distributed	3,634	3,559

12. EARNINGS PER SHARE

	Six months ended 30 June	
	2023	2022
Earnings:		
Profit for the period attributable to equity holders of the parent company	173,744	171,670
Less: Profit for the period attributable to other equity instrument holders of the parent company	(3,634)	(3,559)
Profit for the period attributable to ordinary shareholders of the parent company	170,110	168,111
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,407	356,407
Basic earnings per share (RMB yuan)	0.48	0.47
Diluted earnings per share (RMB yuan)	0.48	0.47

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

13. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2023	31 December 2022
Cash on hand	61,998	66,340
Balances with central banks		
Mandatory reserves (i)	2,802,063	2,647,750
Surplus reserves (ii)	600,281	516,558
Fiscal deposits and other	205,718	195,604
Accrued interest	1,493	1,640
	3,671,553	3,427,892

(i) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. They are not available for use in the Group's daily operations. As at 30 June 2023, the mandatory reserve deposits ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were 9.25% (31 December 2022: 9.5%) and 6% (31 December 2022: 6%) respectively. The mandatory reserve funds placed by domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.

(ii) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

(In RMB millions, unless otherwise stated)

14. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2023	31 December 2022
Deposits with banks and other financial institutions:		
Banks operating in Chinese mainland	277,081	232,150
Other financial institutions operating in Chinese mainland	56,510	14,556
Banks and other financial institutions operating outside Chinese mainland	123,390	116,014
Accrued interest	3,875	3,406
	460,856	366,126
Less: Allowance for impairment losses	(356)	(393)
	460,500	365,733
Placements with banks and other financial institutions:		
Banks operating in Chinese mainland	343,688	394,590
Other financial institutions operating in Chinese mainland	210,817	226,604
Banks and other financial institutions operating outside Chinese mainland	213,779	200,951
Accrued interest	7,531	5,761
	775,815	827,906
Less: Allowance for impairment losses	(4,082)	(1,107)
	771,733	826,799
	1,232,233	1,192,532

15. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

	30 June 2023			31 December 2022		
	Notional	Fair values		Notional	Fair values	
	amounts	Assets	Liabilities	amounts	Assets	Liabilities
Exchange rate contracts	5,033,262	74,400	(71,550)	4,310,971	52,249	(54,844)
Interest rate contracts	4,336,848	21,186	(21,845)	3,139,900	24,945	(23,760)
Commodity derivatives and other	1,025,913	10,989	(26,154)	937,006	10,011	(17,746)
	10,396,023	106,575	(119,549)	8,387,877	87,205	(96,350)

(In RMB millions, unless otherwise stated)

(1) Cash flow hedges

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

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

	30 June 2023						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	2,761	14,139	9,475	291	26,666	434	(28)
Currency swap contracts	71,500	67,753	11,738	–	150,991	1,299	(3,687)
Equity and other derivatives	12,926	23,081	100	2	36,109	88	(1,435)
	87,187	104,973	21,313	293	213,766	1,821	(5,150)

	31 December 2022						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	886	3,137	4,085	–	8,108	203	(38)
Currency swap contracts	74,270	81,348	4,999	–	160,617	1,739	(3,561)
Equity and other derivatives	4,730	5,002	66	4	9,802	44	(126)
	79,886	89,487	9,150	4	178,527	1,986	(3,725)

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

	30 June 2023			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current period	Accumulated effect on other comprehensive income
Debt securities (i)	49,821	(52,796)	48	393
Loans and advances to customers	3,778	–	10	10
Other (ii)	55,431	(51,948)	(267)	(3,607)
	109,030	(104,744)	(209)	(3,204)

(i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost, debt securities issued and certificates of deposit.

(ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

(In RMB millions, unless otherwise stated)

	31 December 2022			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Debt securities (i)	34,288	(49,433)	184	345
Loans and advances to customers	623	–	8	–
Other (ii)	30,693	(60,418)	1,076	(3,340)
	65,604	(109,851)	1,268	(2,995)

(i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges during the six months ended 30 June 2023 and 30 June 2022.

(2) Fair value hedges

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

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

	Six months ended 30 June	
	2023	2022
(Losses)/gains arising from fair value hedges, net:		
Hedging instruments	3,216	3,547
The hedged items	(3,267)	(3,467)
	(51)	80

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

	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
30 June 2023	2,383	19,389	51,846	30,446	104,064	4,309	(454)
31 December 2022	2,976	12,383	61,752	30,892	108,003	725	(94)

(In RMB millions, unless otherwise stated)

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

	30 June 2023			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	90,685	(1,918)	(1,081)	34
Loans and advances to customers	4,780	–	(123)	–
Other (ii)	3,341	(3,563)	(170)	64
	98,806	(5,481)	(1,374)	98

(i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost, debt securities issued and certificates of deposit.

(ii) Other hedged items are included in due from banks and other financial institutions and repurchase agreements.

	31 December 2022			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	89,761	(1,799)	(493)	105
Loans and advances to customers	4,780	–	(89)	–
Other (ii)	1,267	(6,528)	(10)	22
	95,808	(8,327)	(592)	127

(i) Debt securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions and repurchase agreements.

(3) Net investment hedges

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

As at 30 June 2023, an accumulated net losses from the hedging instrument of RMB1,487 million was recognised in other comprehensive income (31 December 2022: accumulated net losses of RMB675 million). There was no ineffectiveness in profit or loss that arises from the net investment hedges during the six months ended 30 June 2023 and 30 June 2022.

(4) Offsetting of financial instruments

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

	30 June 2023		31 December 2022	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	65,724	29,166	57,400	30,970
Derivative financial liabilities	68,892	33,273	60,494	34,064

(In RMB millions, unless otherwise stated)

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

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

	30 June 2023	31 December 2022
Counterparty credit default risk-weighted assets	137,509	116,655
Including: Non-netting settled credit default risk-weighted assets	54,433	80,534
Netting settled credit default risk-weighted assets	83,076	36,121
Credit value adjustment risk-weighted assets	45,885	40,729
Central counterparties credit risk-weighted assets	2,767	8,840
	186,161	166,224

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

16. REVERSE REPURCHASE AGREEMENTS

	30 June 2023	31 December 2022
Measured at amortised cost:		
Reverse repurchase agreements-bills	184,522	144,409
Reverse repurchase agreements-securities	1,326,880	564,670
Accrued interest	809	544
Less: Allowance for impairment losses	(634)	(475)
	1,511,577	709,148
Measured at FVTPL:		
Reverse repurchase agreements-securities	147,339	122,036
Cash advanced as collateral on securities borrowing	34,289	32,938
	181,628	154,974
	1,693,205	864,122

(i) Based on master repurchase agreements and related supplementary agreements, the Group offsets certain reverse repurchase agreements and repurchase agreements and presents net asset (or liability) amounts as reverse repurchase agreements (or repurchase agreements) in the consolidated financial statements in accordance with the accounting policy of offsetting.

	30 June 2023		31 December 2022	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Reverse repurchase agreements	198,965	115,242	200,039	108,815
Repurchase agreements	227,001	143,278	209,817	118,593

(ii) As part of the reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners. As at 30 June 2023, the Group had received securities with a fair value of approximately RMB186,198 million on such terms (31 December 2022: RMB164,498 million). Of these, securities with a fair value of approximately RMB142,359 million had been repledged under repurchase agreements (31 December 2022: RMB121,679 million). The Group has an obligation to return the securities to its counterparties at the maturity of the contract. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

(In RMB millions, unless otherwise stated)

17. LOANS AND ADVANCES TO CUSTOMERS

17.1 Loans and advances to customers by type of measurement:

	30 June 2023	31 December 2022
Measured at amortised cost:		
Corporate loans and advances	15,744,534	13,813,025
– Loans	15,546,933	13,614,804
– Finance lease	197,601	198,221
Personal loans	8,475,915	8,234,625
Discounted bills	2,544	4,104
Accrued interest	60,474	53,487
	24,283,467	22,105,241
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost (Note 17.2(a))	(750,354)	(672,224)
	23,533,113	21,433,017
Measured at FVTOCI:		
Corporate loans and advances		
– Loans	11,944	11,161
Discounted bills	1,053,029	1,144,681
Accrued interest	54	37
	1,065,027	1,155,879
Measured at FVTPL:		
Corporate loans and advances		
– Loans	3,955	2,780
	24,602,095	22,591,676

As at 30 June 2023, the Group's allowance for impairment losses on loans and advances to customers measured at FVTOCI was RMB842 million (31 December 2022: RMB538 million), refer to Note 17.2(b).

(In RMB millions, unless otherwise stated)

17.2 Allowance for impairment losses on loans and advances

(a) *Movements of the allowance for impairment losses on loans and advances to customers measured at amortised cost are as follows:*

	Stage 1 (12-month expected credit loss ("ECL"))	Stage 2 (Lifetime ECL not credit-impaired)	Stage 3 (Lifetime ECL credit-impaired)	Total
Balance at 1 January 2023	278,715	141,586	251,923	672,224
Transfer:				
– to stage 1	29,161	(26,613)	(2,548)	–
– to stage 2	(3,966)	6,472	(2,506)	–
– to stage 3	(3,638)	(30,891)	34,529	–
Charge for the period	48,570	44,768	14,910	108,248
Write-offs and transfer out	–	–	(38,137)	(38,137)
Recoveries of loans and advances previously written off	–	–	6,877	6,877
Other movements	712	782	(352)	1,142
Balance at 30 June 2023	349,554	136,104	264,696	750,354

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	269,376	110,649	223,739	603,764
Transfer:				
– to stage 1	31,002	(28,109)	(2,893)	–
– to stage 2	(11,705)	15,684	(3,979)	–
– to stage 3	(4,594)	(49,676)	54,270	–
(Reverse)/charge for the year	(6,642)	92,227	57,271	142,856
Write-offs and transfer out	–	–	(85,157)	(85,157)
Recoveries of loans and advances previously written off	–	–	9,529	9,529
Other movements	1,278	811	(857)	1,232
Balance at 31 December 2022	278,715	141,586	251,923	672,224

(In RMB millions, unless otherwise stated)

(b) Movements of the allowance for impairment losses on loans and advances to customers measured at FVTOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	510	–	28	538
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	–	–	–	–
– to stage 3	(48)	–	48	–
Charge for the period	70	–	228	298
Other movements	6	–	–	6
Balance at 30 June 2023	538	–	304	842

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	191	–	28	219
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	–	–	–	–
– to stage 3	–	–	–	–
Charge for the year	317	–	–	317
Other movements	2	–	–	2
Balance at 31 December 2022	510	–	28	538

18. FINANCIAL INVESTMENTS

		30 June 2023	31 December 2022
Financial investments measured at FVTPL	(a)	813,301	747,474
Financial investments measured at FVTOCI	(b)	2,396,732	2,223,096
Financial investments measured at amortised cost	(c)	8,045,098	7,563,132
		11,255,131	10,533,702

(In RMB millions, unless otherwise stated)

(a) Financial investments measured at FVTPL

	30 June 2023	31 December 2022
Financial investments held for trading		
Debt securities (analysed by type of issuers):		
Governments and central banks	196,224	123,419
Policy banks	28,703	11,872
Banks and other financial institutions	47,696	73,139
Corporate entities	79,155	106,907
	351,778	315,337
Equity investments	14,816	10,711
	366,594	326,048
Financial investments designated as at FVTPL		
Funds and other investments	53,351	49,318
	53,351	49,318
Other financial investments measured at FVTPL		
Debt securities (analysed by type of issuers):		
Policy banks	22,079	16,418
Banks and other financial institutions	172,570	157,946
Corporate entities	2,567	3,549
	197,216	177,913
Equity investments	85,963	87,032
Funds and other investments	110,177	107,163
	393,356	372,108
	813,301	747,474
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	2,829	2,177
Listed outside Hong Kong SAR	20,350	30,276
Unlisted	525,815	460,797
	548,994	493,250
Equity investments:		
Listed in Hong Kong SAR	3,423	2,443
Listed outside Hong Kong SAR	25,835	25,817
Unlisted	71,521	69,483
	100,779	97,743
Funds and other investments:		
Listed in Hong Kong SAR	3,316	2,517
Listed outside Hong Kong SAR	1,856	2,982
Unlisted	158,356	150,982
	163,528	156,481
	813,301	747,474

(In RMB millions, unless otherwise stated)

(b) Financial investments measured at FVTOCI

	30 June 2023	31 December 2022
Debt securities (analysed by type of issuers):		
Governments and central banks	1,075,617	982,051
Policy banks	225,649	211,905
Banks and other financial institutions	415,057	349,923
Corporate entities	560,537	560,850
Accrued interest	23,917	19,977
	2,300,777	2,124,706
Other debt investments	4,541	5,264
Equity investments	91,414	93,126
	2,396,732	2,223,096
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	101,418	92,309
Listed outside Hong Kong SAR	289,212	303,881
Unlisted	1,910,147	1,728,516
	2,300,777	2,124,706
Other debt investments:		
Unlisted	4,541	5,264
Equity investments:		
Listed in Hong Kong SAR	4,434	3,965
Listed outside Hong Kong SAR	4,000	4,506
Unlisted	82,980	84,655
	91,414	93,126
	2,396,732	2,223,096

The Group designates certain non-trading equity investments as financial investments measured at FVTOCI. For the six months ended 30 June 2023, dividend income from such equity investments was RMB2,152 million (six months ended 30 June 2022: RMB2,195 million). There was RMB170 million dividend income from equity investments derecognised (six months ended 30 June 2022: RMB11 million). The value of equity investments disposed of was RMB6,749 million (six months ended 30 June 2022: RMB2,541 million) and the cumulative gains transferred into retained earnings from other comprehensive income after disposal was RMB314 million (six months ended 30 June 2022: cumulative gains of RMB74 million).

Allowance for impairment losses on financial investments measured at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment gain or loss is recognised in the profit or loss. Movements of the allowance for impairment losses on financial investments measured at FVTOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	4,794	1,009	3,527	9,330
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(6)	6	–	–
– to stage 3	–	–	–	–
Charge/(reverse) for the period	118	513	(54)	577
Other movements	41	44	138	223
Balance at 30 June 2023	4,947	1,572	3,611	10,130

(In RMB millions, unless otherwise stated)

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	2,677	355	1,341	4,373
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(174)	174	–	–
– to stage 3	(19)	(86)	105	–
Charge for the year	2,203	545	2,072	4,820
Other movements	107	21	9	137
Balance at 31 December 2022	4,794	1,009	3,527	9,330

(c) Financial investments measured at amortised cost

	30 June 2023	31 December 2022
Debt securities, analysed by type of issuers:		
Governments and central banks (i)	6,781,250	6,398,119
Policy banks	574,664	522,148
Banks and other financial institutions (ii)	564,900	510,192
Corporate entities	59,315	63,855
Accrued interest	95,895	90,410
	8,076,024	7,584,724
Other investments (iii)	10,788	9,734
Accrued interest	27	9
	10,815	9,743
	8,086,839	7,594,467
Less: Allowance for impairment losses	(41,741)	(31,335)
	8,045,098	7,563,132
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	32,083	32,267
Listed outside Hong Kong SAR	187,604	194,467
Unlisted	7,817,198	7,329,267
	8,036,885	7,556,001
Other investments:		
Unlisted	8,213	7,131
	8,213	7,131
	8,045,098	7,563,132
Market value of listed securities	216,755	223,682

(In RMB millions, unless otherwise stated)

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	28,613	23	2,699	31,335
Transfer:				
– to stage 1	19	(19)	–	–
– to stage 2	–	–	–	–
– to stage 3	–	–	–	–
Charge/(reverse) for the period	10,368	(4)	–	10,364
Other movements	39	1	2	42
Balance at 30 June 2023	39,039	1	2,701	41,741

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	5,493	850	118	6,461
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(3)	3	–	–
– to stage 3	–	(830)	830	–
Charge for the year	23,055	–	1,772	24,827
Other movements	68	–	(21)	47
Balance at 31 December 2022	28,613	23	2,699	31,335

(i) This includes a special government bond, which is a non-negotiable bond with a nominal value of RMB85,000 million (31 December 2022: RMB85,000 million) issued by the Ministry of Finance of the People's Republic of China (the "MOF") to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.

(ii) This includes Huarong bonds of RMB90,309 million (31 December 2022: RMB90,309 million). Huarong bonds are a series of long-term bonds issued by China Huarong Asset Management Co., Ltd. ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. The MOF provides funding support for the repayment of principal and interest of the bonds. In 2010, the Bank received a notice from the MOF that the maturity dates of the Huarong bonds were extended for ten years. In 2020, the Bank received a notice from the MOF to adjust the interest rate of the Huarong bonds, starting from 1 January 2020. Interest rate would be determined on yearly basis with reference to the average level of five-year government bond yield in the previous year. In January 2021, the Bank received notice from the MOF that the maturity dates of Huarong bonds were further extended for ten years. As at 30 June 2023, the Bank had received accumulated early repayments amounting to RMB222,687 million (31 December 2022: RMB222,687 million).

(iii) Other investments include debt investment plans, asset management plans and trust plans with fixed or determinable payments. They will mature from October 2023 to March 2033 and bear interest rates ranging from 3.80% to 6.33% per annum.

(In RMB millions, unless otherwise stated)

19. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2023	31 December 2022
Interests in associates	60,221	62,573
Interests in joint ventures	3,331	3,217
	63,552	65,790

	30 June 2023	31 December 2022
Share of net assets	49,767	51,261
Goodwill	14,150	14,894
	63,917	66,155
Less: Allowance for impairment losses	(365)	(365)
	63,552	65,790

(a) Carrying value of the Group's associates and joint ventures are as follows:

	30 June 2023	31 December 2022
Standard Bank	25,004	25,860
Other	38,548	39,930
	63,552	65,790

Standard Bank is a listed commercial bank registered in Johannesburg, the Republic of South Africa with an issued capital of ZAR168 million and a strategic partner of the Group. As at 30 June 2023, the Group's equity interest and voting rights in Standard Bank were 19.39% (31 December 2022: 19.36%).

The accounting policies of Standard Bank are consistent with those of the Group. Its financial information is significant to the Group and summarised as follows:

	As at/ six months ended 30 June 2023	As at/year ended 31 December 2022
The associate		
Assets	1,162,697	1,176,814
Liabilities	1,058,220	1,071,125
Net assets	104,477	105,689
Profit from continuing operations	8,507	14,235
Equity method of the associate		
Net assets of the associate attributable to the parent company	88,969	90,868
Group's effective interest	19.39%	19.36%
Group's share of net assets of the associate	17,251	17,592
Goodwill	8,101	8,616
Closing balance of the Group's interest in Standard Bank in the consolidated statement of financial position	25,352	26,208

(In RMB millions, unless otherwise stated)

(b) Movements of associates and joint ventures investments of the Group are as follows:

		Movements during the period							
	Balance at beginning of the period	Investment increase	Investment decrease	Investment income recognised under the equity method	Other comprehensive income	Declared distribution of cash dividends or profits	Other	Balance at end of the period	Balance of allowance for impairment at end of the period
Joint ventures	3,217	–	–	–	–	–	114	3,331	–
Associates									
Standard Bank	26,208	–	–	1,567	9	(917)	(1,515)	25,352	(348)
Other	36,730	–	(1,671)	816	(73)	(619)	51	35,234	(17)
Subtotal	62,938	–	(1,671)	2,383	(64)	(1,536)	(1,464)	60,586	(365)
Total	66,155	–	(1,671)	2,383	(64)	(1,536)	(1,350)	63,917	(365)

20. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost						
At 1 January 2022	186,949	18,216	13,590	81,632	180,945	481,332
Additions	1,365	10,250	888	6,388	2,659	21,550
CIP transfer in/(out)	4,621	(11,154)	–	106	6,427	–
Disposals and other movements	(1,232)	(206)	(143)	(4,743)	8,422	2,098
At 31 December 2022 and 1 January 2023	191,703	17,106	14,335	83,383	198,453	504,980
Additions	494	12,089	217	1,543	1,008	15,351
CIP transfer in/(out)	2,165	(4,187)	–	28	1,994	–
Disposals and other movements	(837)	(492)	(129)	(2,918)	2,270	(2,106)
At 30 June 2023	193,525	24,516	14,423	82,036	203,725	518,225
Accumulated depreciation and allowance for impairment losses:						
At 1 January 2022	75,803	34	11,493	62,340	41,366	191,036
Depreciation charge for the year	7,034	–	903	8,039	6,710	22,686
Impairment charge for the year	–	–	–	–	3,477	3,477
Disposals and other movements	(682)	–	(37)	(4,188)	(1,199)	(6,106)
At 31 December 2022 and 1 January 2023	82,155	34	12,359	66,191	50,354	211,093
Depreciation charge for the period	3,506	–	399	4,131	3,430	11,466
Impairment charge for the period	–	–	–	–	174	174
Disposals and other movements	(313)	–	(104)	(2,671)	(2,075)	(5,163)
At 30 June 2023	85,348	34	12,654	67,651	51,883	217,570
Carrying amount						
At 31 December 2022	109,548	17,072	1,976	17,192	148,099	293,887
At 30 June 2023	108,177	24,482	1,769	14,385	151,842	300,655

(In RMB millions, unless otherwise stated)

As at 30 June 2023, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate carrying amount of RMB7,664 million (31 December 2022: RMB8,372 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 30 June 2023, the carrying amount of aircraft and vessels leased out by the Group under operating leases was RMB151,842 million (31 December 2022: RMB148,099 million).

As at 30 June 2023, the carrying amount of aircraft and vessels owned by the Group that have been pledged as collateral for liabilities due to banks and other financial institutions was RMB79,890 million (31 December 2022: RMB86,163 million).

As at 30 June 2023, the construction in progress for aircraft and vessels was RMB18,170 million (31 December 2022: RMB9,225 million).

21. DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Deferred tax assets:

	30 June 2023		31 December 2022	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Allowance for impairment losses	462,612	114,913	401,947	99,753
Change in fair value of financial instruments measured at FVTPL	(11,317)	(2,839)	(4,560)	(1,194)
Change in fair value of financial instruments measured at FVTOCI	(29,488)	(7,777)	(8,297)	(2,449)
Accrued staff costs	38,175	9,528	43,448	10,839
Other	(20,376)	(5,391)	(23,345)	(5,832)
	439,606	108,434	409,193	101,117

Deferred tax liabilities:

	30 June 2023		31 December 2022	
	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)
Allowance for impairment losses	(320)	(113)	(219)	(196)
Change in fair value of financial instruments measured at FVTPL	9,215	1,980	8,735	1,845
Change in fair value of financial instruments measured at FVTOCI	(710)	(161)	2,245	710
Other	9,717	2,511	6,395	1,591
	17,902	4,217	17,156	3,950

(In RMB millions, unless otherwise stated)

(b) Movements of deferred income tax

Deferred tax assets:

	1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2023
Allowance for impairment losses	99,753	15,160	–	114,913
Change in fair value of financial instruments measured at FVTPL	(1,194)	(1,645)	–	(2,839)
Change in fair value of financial instruments measured at FVTOCI	(2,449)	–	(5,328)	(7,777)
Accrued staff costs	10,839	(1,311)	–	9,528
Other	(5,832)	(503)	944	(5,391)
	101,117	11,701	(4,384)	108,434

Deferred tax liabilities:

	1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2023
Allowance for impairment losses	(196)	83	–	(113)
Change in fair value of financial instruments measured at FVTPL	1,845	135	–	1,980
Change in fair value of financial instruments measured at FVTOCI	710	–	(871)	(161)
Other	1,591	920	–	2,511
	3,950	1,138	(871)	4,217

Deferred tax assets:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2022
Allowance for impairment losses	81,662	18,091	–	99,753
Change in fair value of financial instruments measured at FVTPL	(3,455)	2,261	–	(1,194)
Change in fair value of financial instruments measured at FVTOCI	(5,635)	–	3,186	(2,449)
Accrued staff costs	8,684	2,155	–	10,839
Other	(1,997)	(3,851)	16	(5,832)
	79,259	18,656	3,202	101,117

(In RMB millions, unless otherwise stated)

Deferred tax liabilities:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2022
Allowance for impairment losses	(268)	72	–	(196)
Change in fair value of financial instruments measured at FVTPL	3,841	(1,996)	–	1,845
Change in fair value of financial instruments measured at FVTOCI	1,346	–	(636)	710
Other	562	1,556	(527)	1,591
	5,481	(368)	(1,163)	3,950

As at 30 June 2023 and 31 December 2022, the Group did not have significant unrecognised deferred tax assets.

22. OTHER ASSETS

		30 June 2023	31 December 2022
Settlement and clearing balances		275,936	155,789
Precious metals		175,982	125,717
Right-of-use assets	(i)	33,082	33,653
Land use rights		14,955	14,935
Advance payments		6,717	6,056
Goodwill	(ii)	9,509	9,181
Repossessed assets		6,253	6,204
Interest receivable		2,912	2,941
Other		122,475	110,285
		647,821	464,761
Less: Allowance for impairment losses		(11,648)	(12,538)
		636,173	452,223

(In RMB millions, unless otherwise stated)

(i) Right-of-use assets

	Properties and buildings	Aircraft and vessels	Office equipment and motor vehicles	Total
Cost				
At 1 January 2022	34,264	16,109	357	50,730
Additions	6,632	–	68	6,700
Decreases and other movements	(3,059)	4,309	(30)	1,220
At 31 December 2022 and 1 January 2023	37,837	20,418	395	58,650
Additions	2,585	–	161	2,746
Decreases and other movements	(2,837)	766	(28)	(2,099)
At 30 June 2023	37,585	21,184	528	59,297
Accumulated depreciation				
At 1 January 2022	16,524	2,075	218	18,817
Depreciation charge for the year	6,892	624	117	7,633
Decreases and other movements	(2,260)	817	(10)	(1,453)
At 31 December 2022 and 1 January 2023	21,156	3,516	325	24,997
Depreciation charge for the period	3,336	353	57	3,746
Decreases and other movements	(2,664)	132	4	(2,528)
At 30 June 2023	21,828	4,001	386	26,215
Allowance for impairment losses				
At 1 January 2022	32	219	–	251
Other movements	3	636	–	639
At 31 December 2022 and 1 January 2023	35	855	–	890
Other movements	2	93	–	95
At 30 June 2023	37	948	–	985
Carrying amount				
At 31 December 2022	16,646	16,047	70	32,763
At 30 June 2023	15,720	16,235	142	32,097

(ii) Goodwill

	30 June 2023	31 December 2022
At 1 January	9,181	8,518
Exchange difference	328	663
Subtotal	9,509	9,181
Less: Allowance for impairment losses	(399)	(382)
Net carrying amount	9,110	8,799

Goodwill arising from business combinations has been reasonably allocated to the Group's cash-generating units ("CGU"), which is not larger than the reportable segment of the Group, for impairment testing.

The recoverable amount of the CGU is determined based on the discounted future cash flows of the CGU. The cash flow projections are based on financial forecasts approved by management of the subsidiaries. The average growth rates are projected based on the similar rates which do not exceed the long-term average growth rate for the business in which the CGU operates in. The discount rate is the before-tax rate and reflects the specific risk associated with the CGU.

(In RMB millions, unless otherwise stated)

23. IMPAIRMENT ALLOWANCE

	At 1 January 2023	Charge/ (reverse) for the period	Write-offs and transfer out	Recoveries of previous write-offs	Other	At 30 June 2023
Due from banks and other financial institutions	1,500	2,909	–	–	29	4,438
Reverse repurchase agreements	475	140	–	–	19	634
Loans and advances to customers	672,762	108,546	(38,137)	6,877	1,148	751,196
Financial investments	40,665	10,941	(122)	–	387	51,871
Investments in associates and joint ventures	365	–	–	–	–	365
Property and equipment	13,685	174	(3,056)	–	428	11,231
Credit commitments	27,640	298	–	–	337	28,275
Other	40,159	(753)	(642)	76	385	39,225
Total	797,251	122,255	(41,957)	6,953	2,733	887,235

	At 1 January 2022	Charge for the year	Write-offs and transfer out	Recoveries of previous write-offs	Other	At 31 December 2022
Due from banks and other financial institutions	1,126	324	–	–	50	1,500
Reverse repurchase agreements	128	338	–	–	9	475
Loans and advances to customers	603,983	143,173	(85,157)	9,529	1,234	672,762
Financial investments	10,834	29,647	(23)	–	207	40,665
Investments in associates and joint ventures	365	–	–	–	–	365
Property and equipment	10,991	3,477	(1,121)	–	338	13,685
Credit commitments	24,449	2,807	–	–	384	27,640
Other	37,706	2,911	(1,555)	87	1,010	40,159
Total	689,582	182,677	(87,856)	9,616	3,232	797,251

(In RMB millions, unless otherwise stated)

24. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2023	31 December 2022
Deposits:		
Banks and other financial institutions operating in Chinese mainland	2,271,660	2,524,293
Banks and other financial institutions operating outside Chinese mainland	167,082	137,552
Accrued interest	3,751	3,056
	2,442,493	2,664,901
Money market takings:		
Banks and other financial institutions operating in Chinese mainland	254,264	213,002
Banks and other financial institutions operating outside Chinese mainland	344,098	303,008
Accrued interest	10,089	6,801
	608,451	522,811
	3,050,944	3,187,712

25. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023	31 December 2022
Financial liabilities related to precious metals and account-based investment products(i)	51,087	55,549
Debt securities issued(i)	6,259	5,218
Other	4,588	3,520
	61,934	64,287

(i) Financial liabilities related to precious metals and account-based investment products, and certain issued debt securities have been matched with precious metals and derivatives of the Group as part of a documented risk management strategy to mitigate market risk. An accounting mismatch would arise if these financial liabilities were accounted for at amortised cost, whereas the related precious metals and derivative were measured at fair value with movements in fair value taken through the statement of profit or loss. By designating these financial liabilities at FVTPL, the movement in their fair values is recorded in the statement of profit or loss. As at 30 June 2023 and 31 December 2022, the difference between the fair values of the financial liabilities related to precious metals, account-based investment products and issued debt securities and the amounts that the Group would be contractually required to pay to the holders of the financial liabilities related to precious metals, account-based investment products and issued debt securities upon maturity was not significant.

For the six months ended 30 June 2023 and the year ended 31 December 2022, there were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in the credit risk and the accumulated amounts as at the end of the respective period/year were not significant. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

26. REPURCHASE AGREEMENTS

	30 June 2023	31 December 2022
Repurchase agreements-bills	8,022	6,430
Repurchase agreements-securities	659,614	545,080
Cash received as collateral on securities lending	17,687	16,814
Accrued interest	7,004	6,454
	692,327	574,778

(In RMB millions, unless otherwise stated)

27. CERTIFICATES OF DEPOSIT

Certificates of deposit issued by certain of the Bank's overseas branches and subsidiaries are measured at amortised cost.

28. DUE TO CUSTOMERS

	30 June 2023	31 December 2022
Demand deposits:		
Corporate customers	7,888,740	8,076,256
Personal customers	6,002,853	5,991,387
	13,891,593	14,067,643
Time deposits:		
Corporate customers	8,656,462	6,594,898
Personal customers	10,119,661	8,553,919
	18,776,123	15,148,817
Other	230,591	199,465
Accrued interest	475,465	454,566
	33,373,772	29,870,491

As at 30 June 2023, the Group's pledged deposits included in above amounted to RMB237,636 million (31 December 2022: RMB201,787 million).

29. DEBT SECURITIES ISSUED

		30 June 2023	31 December 2022
Subordinated bonds and tier 2 capital bonds	(a)		
Issued by the Bank		627,489	571,848
Issued by subsidiaries		9,582	9,417
Accrued interest		10,234	10,365
		647,305	591,630
Other debt securities	(b)		
Issued by the Bank		415,134	203,876
Issued by subsidiaries		109,817	108,698
Accrued interest		2,231	1,749
		527,182	314,323
		1,174,487	905,953

As at 30 June 2023, the amount of debt securities issued that were due within one year was RMB319,600 million (31 December 2022: RMB122,602 million).

For the six months ended 30 June 2023, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the bonds (year ended 31 December 2022: Nil).

(a) Subordinated bonds and tier 2 capital bonds issued

The Bank:

As approved by the PBOC and the former CBIRC, the Bank issued callable subordinated bonds and tier 2 capital bonds in the National Interbank Bond Market through open market bidding. These subordinated bonds and tier 2 capital bonds were traded on the National Interbank Bond Market. The relevant information is set out below:

Name	Issue date	Issue price (In RMB)	Issued and nominal amount (In RMB million)	Coupon rate	Value date	Maturity date	Circulation date
11 ICBC 01	29/06/2011	100 Yuan	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011
19 ICBC 01 Tier 2 Bond	21/03/2019	100 Yuan	45,000	4.26%	25/03/2019	25/03/2029	26/03/2019
19 ICBC 02 Tier 2 Bond	21/03/2019	100 Yuan	10,000	4.51%	25/03/2019	25/03/2034	26/03/2019
19 ICBC 03 Tier 2 Bond	24/04/2019	100 Yuan	45,000	4.40%	26/04/2019	26/04/2029	28/04/2019
19 ICBC 04 Tier 2 Bond	24/04/2019	100 Yuan	10,000	4.69%	26/04/2019	26/04/2034	28/04/2019
20 ICBC 01 Tier 2 Bond	22/09/2020	100 Yuan	60,000	4.20%	24/09/2020	24/09/2030	25/09/2020
20 ICBC 02 Tier 2 Bond	12/11/2020	100 Yuan	30,000	4.15%	16/11/2020	16/11/2030	17/11/2020
20 ICBC 03 Tier 2 Bond	12/11/2020	100 Yuan	10,000	4.45%	16/11/2020	16/11/2035	17/11/2020
21 ICBC 01 Tier 2 Bond	19/01/2021	100 Yuan	30,000	4.15%	21/01/2021	21/01/2031	22/01/2021
21 ICBC 02 Tier 2 Bond	13/12/2021	100 Yuan	50,000	3.48%	15/12/2021	15/12/2031	16/12/2021
21 ICBC 03 Tier 2 Bond	13/12/2021	100 Yuan	10,000	3.74%	15/12/2021	15/12/2036	16/12/2021
22 ICBC 01 Tier 2 Bond	18/01/2022	100 Yuan	35,000	3.28%	20/01/2022	20/01/2032	21/01/2022
22 ICBC 02 Tier 2 Bond	18/01/2022	100 Yuan	5,000	3.60%	20/01/2022	20/01/2037	21/01/2022
22 ICBC 03 Tier 2 Bond	12/04/2022	100 Yuan	45,000	3.50%	14/04/2022	14/04/2032	15/04/2022
22 ICBC 04 Tier 2 Bond	12/04/2022	100 Yuan	5,000	3.74%	14/04/2022	14/04/2037	15/04/2022
22 ICBC 03A Tier-2 Capital Bonds	18/08/2022	100 Yuan	30,000	3.02%	22/08/2022	22/08/2032	23/08/2022
22 ICBC 03B Tier-2 Capital Bonds	18/08/2022	100 Yuan	10,000	3.32%	22/08/2022	22/08/2037	23/08/2022
22 ICBC 04A Tier-2 Capital Bonds	08/11/2022	100 Yuan	50,000	3.00%	10/11/2022	10/11/2032	11/11/2022
22 ICBC 04B Tier-2 Capital Bonds	08/11/2022	100 Yuan	10,000	3.34%	10/11/2022	10/11/2037	11/11/2022
22 ICBC 05A Tier-2 Capital Bonds	20/12/2022	100 Yuan	25,000	3.70%	22/12/2022	22/12/2032	23/12/2022
22 ICBC 05B Tier-2 Capital Bonds	20/12/2022	100 Yuan	5,000	3.85%	22/12/2022	22/12/2037	23/12/2022
23 ICBC 01A Tier-2 Capital Bonds	10/04/2023	100 Yuan	35,000	3.49%	12/04/2023	12/04/2033	13/04/2023
23 ICBC 01B Tier-2 Capital Bonds	10/04/2023	100 Yuan	20,000	3.58%	12/04/2023	12/04/2038	13/04/2023

The Bank has the option to redeem these bonds in whole or in part on specific dates at par value in future upon the approval of the relevant regulatory authorities.

In 2015, the Bank issued tier 2 capital bonds denominated in USD. The bonds were approved for listing and dealing by The Stock Exchange of Hong Kong Limited. The relevant information is set out below:

Name	Issue date	Currency	Issued price (In original currency)	Issued amount (In original currency)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date
				(million)	(million)				
15 USD Tier 2 capital bonds	21/09/2015	USD	99.189	2,000	14,500	4.875%	21/09/2015	21/09/2025	22/09/2015

The bonds cannot be redeemed before maturity.

Subsidiaries:

On 23 March 2018, ICBC Thai issued a tier 2 capital bond with an aggregate nominal amount of THB5,000 million, bearing a fixed interest rate of 3.5%. The bond will mature on 23 September 2028.

On 12 September 2019, ICBC Macau issued a tier 2 capital bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 2.875%. The bond will mature on 12 September 2029.

On 15 March 2022, ICBC-AXA issued a capital supplementary bond with an aggregate nominal amount of RMB5,000 million, bearing an initial fixed interest rate of 3.7%. The bond will mature on 17 March 2032. The issuer has an option to redeem the capital supplementary bond in whole or in part at par value at the end of the fifth interest-bearing year. If the issuer does not exercise the redemption option, the coupon rate would increase to 4.7% from the sixth interest-bearing year.

The above tier 2 capital bonds are separately traded on the Thai Bond Market Association, The Stock Exchange of Hong Kong Limited and the National Interbank Bond Market.

(b) Other debt securities issued

The Bank:

(i) Head Office issued debt securities and interbank certificates of deposit, denominated in RMB at fixed interest rates amounting to RMB275,333 million in total with maturities between the second half of 2023 and 2026.

(ii) Sydney Branch issued notes denominated in AUD, RMB, HKD and USD at fixed or floating interest rates amounting to an equivalent of RMB7,242 million in total with maturities between the second half of 2023 and 2027.

(iii) Singapore Branch issued notes denominated in USD and RMB at fixed or floating interest rates amounting to an equivalent of RMB31,866 million in total with maturities between the second half of 2023 and 2025.

(iv) New York Branch issued notes denominated in USD at fixed interest rates amounting to an equivalent of RMB13,952 million in total with maturities between the second half of 2023 and 2027.

(v) Luxembourg Branch issued notes denominated in USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB10,478 million in total with maturities between the second half of 2023 and 2024.

(vi) Dubai (DIFC) Branch issued notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB15,249 million in total with maturities between the second half of 2023 and 2026.

(vii) Hong Kong Branch issued notes denominated in USD and HKD at fixed or floating interest rates amounting to an equivalent of RMB43,192 million in total with maturities between the second half of 2023 and 2026.

(viii) London Branch issued notes denominated in GBP, USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB14,218 million in total with maturities between the second half of 2023 and 2026.

(ix) Macau Branch issued notes denominated in USD and MOP at fixed or floating interest rates amounting to an equivalent of RMB3,604 million in total with maturities between the second half of 2023 and 2024.

(In RMB millions, unless otherwise stated)

Subsidiaries:

(i) ICBC Asia issued medium-term debt securities and notes denominated in RMB at fixed interest rates amounting to RMB3,995 million in total with maturities between the second half of 2023 and 2025.

(ii) ICBC Leasing issued medium-term debt securities and notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB66,127 million in total with maturities between the second half of 2023 and 2031.

(iii) ICBC Thai issued short-term, medium-term and long-term debt securities and notes denominated in THB at fixed interest rates amounting to an equivalent of RMB8,559 million in total with maturities between the second half of 2023 and 2027.

(iv) ICBC International issued medium-term debt securities and notes denominated in RMB and USD at fixed interest rates amounting to an equivalent of RMB9,707 million in total with maturities between 2024 and 2025.

(v) ICBC New Zealand issued medium-term debt securities and notes denominated in NZD at fixed or floating interest rates amounting to an equivalent of RMB2,430 million in total with maturities between the second half of 2023 and 2026.

(vi) ICBC Investment issued financial bonds denominated in RMB at fixed interest rates amounting to RMB13,800 million in total with maturities between 2024 and 2025.

(vii) ICBC Macau issued medium-term and long-term debt securities and notes denominated in RMB at fixed interest rates amounting to RMB4,984 million in total with maturities between 2024 and 2025.

(viii) ICBC Canada issued short-term interbank certificates of deposit denominated in CAD at fixed interest rates amounting to an equivalent of RMB215 million in total maturing in the second half of 2023.

30. OTHER LIABILITIES

		30 June 2023	31 December 2022
Settlement and clearing balances		346,371	279,634
Insurance business liabilities		268,072	251,811
Dividends payable		108,169	–
Salaries, bonuses, allowances and subsidies payables	(a)	35,578	41,282
Provisions for credit commitments	(b)	28,275	27,640
Lease liabilities	(c)	25,573	28,629
Sundry tax payables		17,816	16,493
Promissory notes		460	756
Early retirement benefits		15	19
Other		138,088	138,128
		968,417	784,392

(a) There were no overdue payment for staff salaries, bonuses, allowances and subsidies payable as at 30 June 2023 (31 December 2022: Nil).

(b) Provisions for credit commitments

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	20,783	6,611	246	27,640
Transfer:				
– to stage 1	25	(25)	–	–
– to stage 2	(44)	83	(39)	–
– to stage 3	(1)	(3)	4	–
Charge for the period	95	169	34	298
Other movements	171	132	34	337
Balance at 30 June 2023	21,029	6,967	279	28,275

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	19,881	3,581	987	24,449
Transfer:				
– to stage 1	123	(123)	–	–
– to stage 2	(219)	249	(30)	–
– to stage 3	(2)	(12)	14	–
Charge/(reverse) for the year	687	2,860	(740)	2,807
Other movements	313	56	15	384
Balance at 31 December 2022	20,783	6,611	246	27,640

(c) Lease liabilities

	30 June 2023	31 December 2022
Less than one year	8,430	8,923
One to two years	6,117	6,473
Two to three years	4,293	4,572
Three to five years	5,386	5,704
More than five years	3,532	4,625
Undiscounted lease liabilities	27,758	30,297
Closing balance of lease liabilities	25,573	28,629

31. SHARE CAPITAL

	30 June 2023		31 December 2022	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each	269,612	269,612	269,612	269,612
	356,407	356,407	356,407	356,407

Except for the dividends of H shares which are payable in Hong Kong dollars, all of the ordinary A shares and H shares rank pari passu with each other in respect of dividends on ordinary shares.

32. OTHER EQUITY INSTRUMENTS

(1) Preference shares

(a) Preference shares ("Preference Shares") outstanding:

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore Preference Shares:										
USD	23/09/2020	Equity	3.58%	USD20/Share	145	2,900	19,716	None	Mandatory	No
Domestic Preference Shares:										
RMB2015	18/11/2015	Equity	4.58%	RMB100/Share	450	45,000	45,000	None	Mandatory	No
RMB2019	19/09/2019	Equity	4.20%	RMB100/Share	700	70,000	70,000	None	Mandatory	No
Total							134,716			

(b) Main clauses and basic information

(i) Dividend

Offshore and domestic dividends are paid annually.

Offshore and domestic dividends are set at a fixed rate for 5 years after issuance and are reset every 5 years thereafter to the sum of the benchmark rate and the fixed spread. The fixed spread is equal to the spread between the initial offshore and domestic dividend rate and the benchmark rate at the time of issuance. The fixed spread remains unchanged throughout the term of the Preference Shares.

(ii) Conditions to distribution of dividends

The Bank can pay offshore and domestic dividends when it has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratios meet regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders in respect of the right to dividends. The order of payment of domestic dividends is equal to offshore dividends. The Bank may elect to cancel all or part of offshore and domestic dividends and this shall not constitute a default for any purpose, but such cancellation will require a shareholder's resolution to be passed.

(iii) Dividend stopper and setting mechanism

For Offshore and Domestic Preference Shares, if the Bank cancels all or part of the dividends to the Preference Shares, the Bank shall not make any dividend distribution to ordinary shareholders before the Bank pays the dividends to the preference shareholders in full for the current dividend period.

Non-cumulative dividend is a dividend on Offshore and Domestic Preference Shares which does not cumulate upon omission of payment and the passed or omitted dividend of one year is not carried to the following year. After receiving a dividend at the agreed dividend rate, preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders.

The Bank shall distribute dividends for Offshore and Domestic Preference Shares in cash, based on the liquidation preference amount for the issued and outstanding Offshore Preference Shares or total amount of issued and outstanding Domestic Preference Shares during the corresponding period (i.e. the product of the issue price of Preference Shares and the number of the issued and outstanding preference shares).

(iv) Order of distribution and liquidation method

The offshore preference shareholders and domestic preference shareholders will rank equally for payment. The preference shareholders will be subordinated to the depositors, general creditors and holders of convertible bonds, holders of subordinated debts, holders of tier 2 capital bonds and holders of other tier 2 capital instruments of the Bank but will be senior to the ordinary shareholders of the Bank.

(v) Mandatory conversion trigger events

For Offshore Preference Shares, upon the occurrence of any Non-Viability Trigger Event, the Bank shall have the right to irrevocably and compulsorily convert all or part of the outstanding Offshore Preference Shares into H shares, under the consent of the National Administration of Financial Regulation (hereinafter referred to as the " NAFR") but without the need for the consent of the offshore preference shareholders or the ordinary shareholders. If the Offshore Preference Shares were converted into H shares, they cannot be converted to Preference Shares again under any circumstances.

For Domestic Preference Shares, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all or part of the outstanding face value of Domestic Preference Shares into A shares, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. If Domestic Preference Shares were converted into A shares, they cannot be converted to Preference Shares again under any circumstances. Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all the outstanding face value of Domestic Preference Shares into A shares. If Domestic Preference Shares were converted into A share, they cannot be converted to Preference Shares again under any circumstances.

The initial mandatory conversion prices are HKD5.73 per H share for Offshore Preference Shares; RMB3.44 for Domestic 2015 Preference Shares and RMB5.43 for Domestic 2019 Preference Shares. In case of stock dividends distribution of H or A shares of the Bank or other circumstances, the Bank will make cumulative adjustment to the compulsory conversion price in turn.

(vi) Redemption conditions

Subject to obtaining the approval of the NAFR and satisfying the conditions of redemption, the Bank has the right to redeem all or part of the Offshore Preference Shares at the first call date and any subsequent dividend payment date. Redemption price of Offshore Preference Shares is equal to liquidation preference price plus any declared but unpaid dividend in current period. The first redemption date of Offshore Preference Shares is five years after issuance.

Under the premise of obtaining the approval of the NAFR and compliance with relevant requirements, the Bank has the right to redeem all or part of Domestic Preference Shares, after five years having elapsed since the date of issuance/the date of closing. The redemption period of Domestic Preference Shares is from the start date of redemption to the date of full redemption or conversion. Redemption price of Domestic Preference Shares is equal to book value plus any declared but unpaid dividend in current period.

(c) Changes in preference shares outstanding

	1 January 2023			Movement during the year			30 June 2023		
Financial instrument outstanding	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)
Offshore Preference Shares:									
USD	145	2,900	19,716	–	–	–	145	2,900	19,716
Domestic Preference Shares:									
RMB2015	450	45,000	45,000	–	–	–	450	45,000	45,000
RMB2019	700	70,000	70,000	–	–	–	700	70,000	70,000
Total			134,716			–			134,716

The carrying amount of preference shares issued by the Bank, net of related issuance fees, was RMB134,614 million as at 30 June 2023 (31 December 2022: RMB134,614 million).

(2) Perpetual bond

(a) Perpetual bond outstanding

Financial instrument outstanding	Issue date	Accounting classification	Interest rate	Issue price	Amount (million units)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore										
USD Perpetual bond	24/09/2021	Equity	3.20%	Note (i)	N/A	6,160	39,793	None	None	No
Domestic										
RMB2019										
Perpetual bond	26/07/2019	Equity	4.45%	RMB100/Unit	800	80,000	80,000	None	None	No
RMB2021										
Perpetual bond Series 1	04/06/2021	Equity	4.04%	RMB100/Unit	700	70,000	70,000	None	None	No
RMB2021										
Perpetual bond Series 2	24/11/2021	Equity	3.65%	RMB100/Unit	300	30,000	30,000	None	None	No
Total							219,793			

(i) Offshore USD Perpetual Bond was issued in specific denomination of USD200,000 and integral multiples of USD1,000 in excess thereof at an issue price of 100%.

(b) Main clauses and basic information

With the approvals of relevant regulatory authorities, the Bank issued RMB80,000 million, RMB70,000 million and RMB30,000 million of undated capital bonds on 26 July 2019, 4 June 2021 and 24 November 2021 (hereinafter referred to as "2019 Domestic Perpetual Bond", "2021 Domestic Perpetual Bond Series 1" and "2021 Domestic Perpetual Bond Series 2" respectively, collectively Domestic Perpetual Bonds) in the National Interbank Bond Market.

The Bank issued USD6,160 million of undated capital bonds (hereinafter referred to as "Offshore Perpetual Bond") on The Stock Exchange of Hong Kong Limited on 24 September 2021.

The funds raised by the Bank from the bonds were used to supplement additional tier 1 capital of the Bank in accordance with the relevant laws and approvals by regulatory authorities.

(i) Interest

Each Domestic Perpetual Bond has a par value of RMB100, and the interest rate of the bonds for the first five years are 4.45% for 2019 Domestic Perpetual Bond, 4.04% for 2021 Domestic Perpetual Bond Series 1, and 3.65% for 2021 Domestic Perpetual Bond Series 2, resetting every 5 years. The rates are determined by a benchmark rate plus a fixed spread. The initial fixed spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period. The interest of Domestic Perpetual Bonds shall be paid annually.

The interest rate of Offshore Perpetual Bond for the first five years is 3.20%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread, and the fixed spread will remain unchanged during the duration period. The dividend shall be paid semi-annually.

(ii) Interest stopper and setting mechanism

The interest payment for both the Domestic Perpetual Bonds and Offshore Perpetual Bond is non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions on the interest payment and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment.

(iii) Order of distribution and liquidation method

The claims in respect of Domestic Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to Domestic Perpetual Bonds and will rank in priority to all classes of shares held by shareholders of the Bank. The claims in respect of Offshore Perpetual Bond will be subordinated to claims of depositors, general creditors, tier 2 capital bond holders and subordinated indebtedness that rank senior to the Offshore Perpetual Bond and will rank in priority to all classes of shares held by shareholders of the Bank. Domestic Perpetual Bonds and Offshore Perpetual Bond will 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 perpetual bonds.

(iv) Write down conditions

For 2019 Domestic Perpetual Bond, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank has the right to write down all or part of the total nominal amount of the outstanding 2019 Domestic Perpetual Bond with the consent of the NAFR but without the need for the consent of the bond holders, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. Upon the occurrence of a Tier 2 Capital Trigger Event, without the need for the consent of the bond holders, the Bank has the right to write down all the total nominal amount of the outstanding 2019 Domestic Perpetual Bond.

For 2021 Domestic Perpetual Bond Series 1 and 2021 Domestic Perpetual Bond Series 2, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the nominal amount of the outstanding perpetual bonds without the need for the consent of the bond holders.

For Offshore Perpetual Bond, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the perpetual bonds issued and outstanding at that time up to the total nominal value without the need for the consent of the bond holders.

(v) Redemption conditions

The duration of the Domestic Perpetual Bonds and Offshore Perpetual Bond is the same as the continuing operation of the Bank. Five years after the issuance date of the Domestic Perpetual Bonds and Offshore Perpetual Bond, the Bank shall have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the perpetual bonds are not classified as additional tier 1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Domestic Perpetual Bonds and Offshore Perpetual Bond fully instead of partly.

(c) Changes in perpetual bond outstanding

Financial instrument outstanding	1 January 2023 Amount (million units)	In original currency (million)	In RMB (million)	Movement during the year Amount (million units)	In original currency (million)	In RMB (million)	30 June 2023 Amount (million units)	In original currency (million)	In RMB (million)
Offshore									
USD Perpetual bond	N/A	6,160	39,793	–	–	–	N/A	6,160	39,793
Domestic									
RMB2019 Perpetual bond	800	80,000	80,000	–	–	–	800	80,000	80,000
RMB2021 Perpetual bond Series 1	700	70,000	70,000	–	–	–	700	70,000	70,000
RMB2021 Perpetual bond Series 2	300	30,000	30,000	–	–	–	300	30,000	30,000
Total			219,793			–			219,793

The carrying amount of perpetual bonds issued by the Bank, net of related issuance fees, was RMB219,717 million as at 30 June 2023 (31 December 2022: RMB219,717 million).

(3) Interests attributable to equity instruments' holders

Items		30 June 2023	31 December 2022
1.	Total equity attributable to equity holders of the parent company	3,575,999	3,496,109
	(1) Equity attributable to ordinary shareholders of the parent company	3,221,668	3,141,778
	(2) Equity attributable to other equity instrument holders of the parent company	354,331	354,331
2.	Total equity attributable to non-controlling interests	20,421	19,310
	(1) Equity attributable to ordinary shareholders of non-controlling interests	20,421	19,310
	(2) Equity attributable to other equity instrument holders of non-controlling interests	–	–

33. RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

The Bank is required to appropriate 10% of its profit for the year, as determined under the Accounting Standards for Business Enterprises and other relevant requirements ("PRC GAAP"), pursuant to the Company Law of the PRC and the Articles of the Bank to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under the PRC GAAP to the discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval of the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

(iii) Other surplus reserves

The Bank's overseas entities appropriate their profits to other surplus reserves or statutory reserve in accordance with the relevant laws and regulations promulgated by the local regulatory bodies.

(c) General reserve

In accordance with the "Administrative Measures for the Provision of Reserves of Financial Enterprises" (Cai Jin [2012] No. 20) issued by the MOF, the Bank maintains a general reserve within equity, through the appropriation of profit for the year, which should not be less than 1.5% of the year-end balance of its risk assets, to partially cover unidentified possible losses.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(d) Investment revaluation reserve

The investment revaluation reserve records the fair value changes and impairment provision of financial investments measured at FVTOCI.

(e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries and branches incorporated outside Chinese mainland.

(f) Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the gains or losses on the hedging instruments.

(g) Other reserves

Other reserves represent reserves other than the items listed above, including other comprehensive income recognised under the equity method.

(h) Distributable profits

The Bank's distributable profit is based on its retained profits as determined under PRC GAAP and IFRSs, whichever is lower. The amount that the Bank's subsidiaries can legally distribute is determined by referring to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

(In RMB millions, unless otherwise stated)

34. OTHER COMPREHENSIVE INCOME

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

	Investment revaluation reserve	Foreign currency translation reserve	Other	Total
1 January 2022	26,087	(39,930)	(6,960)	(20,803)
Movement during the year	(23,744)	22,689	(1,898)	(2,953)
31 December 2022 and 1 January 2023	2,343	(17,241)	(8,858)	(23,756)
Movement during the period	11,710	9,075	(3,048)	17,737
30 June 2023	14,053	(8,166)	(11,906)	(6,019)

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

	Six months ended 30 June 2023	Six months ended 30 June 2022
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	945	(3,241)
(ii) Other comprehensive income recognised under the equity method	(18)	(14)
(iii) Other	7	6
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	14,812	(17,590)
Less: Amount transferred to profit or loss from other comprehensive income and income tax effect	(3,395)	2,037
	11,417	(15,553)
(ii) Credit losses of debt instruments measured at FVTOCI	422	2,365
(iii) Cash flow hedging reserve		
(Loss)/gain during the period	(209)	406
Less: Income tax effect	29	40
	(180)	446
(iv) Other comprehensive income recognised under the equity method	(46)	(153)
(v) Foreign currency translation reserve	9,412	10,645
(vi) Other	(3,860)	(1,416)
	18,099	(6,915)

(In RMB millions, unless otherwise stated)

35. CASH AND CASH EQUIVALENTS

	30 June 2023	30 June 2022
Cash on hand	61,998	60,714
Balances with central banks other than restricted deposits	600,281	457,678
Deposits with banks and other financial institutions with original maturity of three months or less	363,782	288,604
Placements with banks and other financial institutions with original maturity of three months or less	369,647	271,121
Reverse repurchase agreements with original maturity of three months or less	1,641,166	1,142,123
	3,036,874	2,220,240

36. INTERESTS IN STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include investment funds, asset management plans and asset-backed securities, trust plans and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issuance of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	30 June 2023		31 December 2022	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	39,926	39,926	43,128	43,128
Asset management plans and asset-backed securities	79,160	79,160	79,065	79,065
Trust plans	19,773	19,773	16,981	16,981
	138,859	138,859	139,174	139,174

The maximum loss exposures in the above investment funds, asset management plans and asset-backed securities, trust plans are the carrying amounts which are measured at amortised cost, or the fair value of the investments held by the Group as at the reporting date.

(In RMB millions, unless otherwise stated)

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets were recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	30 June 2023		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	39,926	–	–
Asset management plans and asset-backed securities	35,879	8,967	34,314
Trust plans	13,900	4,082	1,791
	89,705	13,049	36,105

	31 December 2022		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	43,128	–	–
Asset management plans and asset-backed securities	32,987	8,769	37,309
Trust plans	15,196	–	1,785
	91,311	8,769	39,094

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest held by the Group includes investments in the products issued by these unconsolidated structured entities and fees charged for providing management services. As at 30 June 2023 and 31 December 2022, the carrying amounts of the investments in the products issued by these structured entities and fee receivables being recognised were not material in the consolidated financial statements. Management fee income earned by the Group was included in fee and commission income of personal wealth management and private banking services and corporate wealth management services set out in Note 4.

As at 30 June 2023, the balance of the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB1,792,407 million (31 December 2022: RMB2,143,978 million) and RMB1,724,577 million (31 December 2022: RMB1,713,743 million) respectively.

For the six months ended 30 June 2023, the amount of the average exposure of financing transactions through placements and reverse repurchase agreements from the Group with non-principal-guaranteed wealth management products sponsored by the Group was RMB779 million (six months ended 30 June 2022: RMB17,446 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(c) Consolidated structured entities

The consolidated structured entities of the Group are primarily the principal-guaranteed wealth management products, certain investment funds, asset-backed securities and asset management plans issued or initiated and invested by the Group or purchased due to regulatory requirements related to wealth management business. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's variable returns.

37. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the ordinary course of business by which it transfers recognised financial assets to third parties or special purpose entities. In some cases, these 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 continues to recognise the transferred assets in the statement of financial position.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group but has an obligation to return the securities at the maturity of the contract. For securities lent out, if the securities increase or decrease in value, the Group may in certain circumstances require additional cash collateral from counterparties or return part of the cash collateral to counterparties. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

As at 30 June 2023, the par value of the financial assets transferred to third parties that did not qualify for derecognition in the repurchase agreements and securities lending transactions were RMB199,391 million(31 December 2022: RMB156,154 million) and RMB21,147 million (31 December 2022: RMB23,314 million) respectively.

Securitisation transactions

The Group transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may acquire some asset-backed securities at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the consolidated statement of financial position to the extent of the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. As at 30 June 2023, loans with an original carrying amount of RMB627,857 million at the time of transfer (31 December 2022: RMB627,857 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. The carrying amount of assets that the Group continues to recognise on the consolidated statement of financial position was RMB76,926 million as at 30 June 2023 (31 December 2022: RMB75,925 million).

As at 30 June 2023, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB723 million (31 December 2022: RMB721 million), and its maximum exposure approximated to the carrying amount.

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration received is recorded as a financial liability. As at 30 June 2023, transferred credit assets that were not qualified for derecognition of the Group amounted to RMB132 million at the time of transfer (31 December 2022: RMB132 million).

(In RMB millions, unless otherwise stated)

38. ASSETS PLEDGED AS SECURITY

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, securities borrowing, derivatives, or local statutory requirements. As at 30 June 2023, the par value of the financial assets of the Group pledged as collateral amounted to approximately RMB1,166,892 million (31 December 2022: approximately RMB940,239 million).

39. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial statements, no share appreciation rights have been granted.

40. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	30 June 2023	31 December 2022
Contracted but not provided for	27,912	19,427

(b) Credit commitments

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

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

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

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

	30 June 2023	31 December 2022
Bank acceptances	736,655	680,068
Guarantees issued		
– Financing letters of guarantees	47,378	56,365
– Non-financing letters of guarantees	556,581	501,054
Sight letters of credit	60,887	53,646
Usance letters of credit	148,535	112,606
Loan commitments		
– With an original maturity of under one year	48,835	108,102
– With an original maturity of one year or over	417,498	348,202
Undrawn credit card limits	1,119,077	1,111,002
	3,135,446	2,971,045
Credit risk-weighted assets of credit commitments	1,118,965	1,113,801

(In RMB millions, unless otherwise stated)

(c) Operating leases

The Group acts as a lessor principally through operating leases undertaken by its subsidiary ICBC Leasing. Under irrevocable operating lease contracts, the expected undiscounted minimum lease payments receivable by the Group in the future period amounted to:

	30 June 2023	31 December 2022
Within one year	17,980	16,946
Over one year but within two years	16,106	15,380
Over two years but within three years	15,171	14,627
Over three years but within five years	24,710	24,864
Over five years	55,520	57,258
	129,487	129,075

(d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 30 June 2023, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB6,860 million (31 December 2022: RMB4,738 million).

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

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

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2023 were RMB63,486 million (31 December 2022: RMB62,140 million). Management expects that the redemption obligations of these PRC government bonds by the Bank prior to maturity will not be material.

As at 30 June 2023, the Group has not had any outstanding securities underwriting commitments (31 December 2022: Nil).

(f) Designated funds and loans

	30 June 2023	31 December 2022
Designated funds	3,610,626	3,420,373
Designated loans	3,610,369	3,420,106

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

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

(In RMB millions, unless otherwise stated)

(g) Fiduciary activities

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in Note 4. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

41. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the reporting period:

(a) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 30 June 2023, the MOF directly owned approximately 31.14% (31 December 2022: approximately 31.14%) of the issued share capital of the Bank. The Group entered into banking transactions with the MOF in its ordinary course of business. Details of the major transactions are as follows:

	30 June 2023	31 December 2022
Balances at end of the period/year:		
The PRC government bonds and the special government bond	1,976,477	1,936,670

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest income on the government bonds	26,333	28,337

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in Note 41(i) "Transactions with state-owned entities in the PRC".

(b) Central Huijin Investment Ltd.

Central Huijin Investment Ltd. ("Huijin") is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation of the State Government, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State Government in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other businesses or commercial activities nor intervene in the day-to-day business operations of the financial enterprises in which it invests. Huijin was established on 16 December 2003 with a total registered and paid-in capital of RMB828,209 million. As at 30 June 2023, Huijin directly owned approximately 34.71% (31 December 2022: approximately 34.71%) of the issued share capital of the Bank.

As at 30 June 2023, bonds issued by Huijin ("the Huijin Bonds") held by the Group were of an aggregate face value of RMB42,479 million (31 December 2022: RMB50,237 million), with terms ranging from one to thirty years and coupon rates ranging from 2.44% to 4.23%. The Huijin Bonds are government-backed bonds, short-term bills and medium-term notes. The Group's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory and the corporate governance requirements of the Group.

(In RMB millions, unless otherwise stated)

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	30 June 2023	31 December 2022
Balances at end of the period/year:		
Debt securities purchased	43,409	51,083
Loans and advances to customers	24,319	19,015
Due to customers	6,207	11,813

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest income on debt securities purchased	748	969
Interest income on loans and advances to customers	282	–
Interest expense on amounts due to customers	55	475

Huijin holds equity interests in certain other banks and financial institutions under the direction of the State Government. The Group entered into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Management considers that these banks and financial institutions are competitors of the Group. Details of major transactions conducted with these banks and financial institutions are as follows:

	30 June 2023	31 December 2022
Balances at end of the period/year:		
Debt securities purchased	702,436	641,606
Due from banks and other financial institutions	194,568	222,649
Reverse repurchase agreements	60,664	49,410
Loans and advances to customers	1,270	1,336
Derivative financial assets	9,065	7,767
Due to banks and other financial institutions	262,321	238,492
Repurchase agreements	14,199	6,200
Derivative financial liabilities	12,426	7,409
Due to customers	1,321	646
Credit commitments	10,761	8,821

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest income on debt securities purchased	10,436	13,968
Interest income on amounts due from banks and other financial institutions	835	473
Interest income on reverse repurchase agreements	8	9
Interest income on loans and advances to customers	11	14
Interest expense on amounts due to banks and other financial institutions	1,417	221
Interest expense on repurchase agreements	2	1
Interest expense on amounts due to customers	5	5

(In RMB millions, unless otherwise stated)

(c) National Council for Social Security Fund of the People's Republic of China

National Council for Social Security Fund (the "SSF") is a public institution managed by the MOF. It is the management and operating organisation of the national social security fund. As at 30 June 2023, the SSF held approximately 5.43% (31 December 2022: approximately 5.72%) of the Bank's issued share capital. The Group entered into banking transactions with the SSF in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	30 June 2023	31 December 2022
Balances at end of the period/year:		
Due to customers	56,500	48,000

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest expense on amounts due to customers	1,068	385

(d) Subsidiaries

	30 June 2023	31 December 2022
Balances at end of the period/year:		
Financial investments	43,978	42,242
Due from banks and other financial institutions	357,008	425,329
Reverse repurchase agreements	14,995	15,423
Loans and advances to customers	101,019	79,639
Derivative financial assets	6,728	6,183
Due to banks and other financial institutions	169,740	187,431
Repurchase agreements	4,484	2,581
Derivative financial liabilities	11,951	8,680
Credit commitments	56,649	60,370

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest income on financial investments	935	649
Interest income on amounts due from banks and other financial institutions	1,492	313
Interest income on reverse repurchase agreements	8	4
Interest income on loans and advances to customers	869	413
Interest expense on amounts due to banks and other financial institutions	1,987	873
Interest expense on repurchase agreements	72	–
Fee and commission income	2,245	2,776

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements.

(In RMB millions, unless otherwise stated)

(e) Associates and affiliates

	30 June 2023	31 December 2022
Balances at end of the period/year:		
Debt securities purchased	11,281	11,265
Due from banks and other financial institutions	4,291	4,652
Reverse repurchase agreements	1,234	1,469
Loans and advances to customers	5,030	3,815
Derivative financial assets	4,729	3,085
Due to banks and other financial institutions	3,817	2,250
Due to customers	1,894	1,568
Derivative financial liabilities	2,785	3,108
Credit commitments	4,614	5,085

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest income on debt securities purchased	132	191
Interest income on amounts due from banks and other financial institutions	21	39
Interest income on reverse repurchase agreements	1	0
Interest income on loans and advances to customers	82	33
Interest expense on amounts due to banks and other financial institutions	70	45
Interest expense on amounts due to customers	19	55

Transactions between the Group and the aforementioned parties were conducted under normal commercial terms and conditions and priced based on market rates.

(f) Joint ventures and affiliates

	30 June 2023	31 December 2022
Balances at end of the period/year:		
Loans and advances to customers	283	44
Due to customers	36	4

	Six months ended 30 June	
	2023	2022
Transactions during the period:		
Interest income on loans and advances to customers	15	2
Interest expense on amounts due to customers	0	0

Transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

(g) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors and the board of supervisors, and executive officers.

The aggregate compensation of key management personnel is as follows:

	Six months ended 30 June	
	2023	2022
	In RMB'000	In RMB'000
Salaries and benefits	5,666	6,683

Related parties of the Group include key management personnel of the Group and their close relatives, as well as companies controlled, jointly controlled or significantly influenced by key management personnel or their close relatives.

For the six months ended 30 June 2023, there were no material transactions and balances with key management personnel individually or in the aggregate (six months ended 30 June 2022: Immaterial). The Group entered into banking transactions with key management personnel in the ordinary course of business.

The aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB6.55 million as at 30 June 2023 (31 December 2022: RMB11.32 million).

The Bank's aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of the former CBIRC was RMB236.27 million as at 30 June 2023 (31 December 2022: RMB195.17 million).

The transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

(h) Annuity fund

Apart from the obligations for defined contributions to the annuity fund established by the Group and the Bank, annuity fund held A shares of the Bank with market value of RMB31.91 million as at 30 June 2023 (31 December 2022: Nil), and bonds issued by the Bank of RMB425.82 million as at 30 June 2023 (31 December 2022: RMB527.91 million).

(i) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the "state-owned entities"). During the reporting period, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

The transactions with state-owned entities are activities conducted in the ordinary course of business under normal terms and conditions and priced based on market rates, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

(In RMB millions, unless otherwise stated)

(j) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiaries are excluded.

	30 June 2023		31 December 2022	
	Balance	Percentage	Balance	Percentage
Financial investments	2,733,603	24.29%	2,640,624	25.07%
Due from banks and other financial institutions	198,859	16.14%	227,301	19.06%
Reverse repurchase agreements	61,898	3.66%	50,879	5.89%
Loans and advances to customers	30,902	0.13%	24,210	0.11%
Derivative financial assets	13,794	12.94%	10,852	12.44%
Due to banks and other financial institutions	266,138	8.72%	240,742	7.55%
Repurchase agreements	14,199	2.05%	6,200	1.08%
Derivative financial liabilities	15,211	12.72%	10,517	10.92%
Due to customers	65,958	0.20%	62,031	0.21%
Credit commitments	15,375	0.49%	13,906	0.47%

	Six months ended 30 June			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Interest income	38,904	5.58%	44,035	7.11%
Interest expense	2,636	0.73%	1,187	0.44%

42. SEGMENT INFORMATION

(a) Operating segments

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

Corporate banking

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

Personal banking

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

(In RMB millions, unless otherwise stated)

Treasury operations

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

Other

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

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

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

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

	Six months ended 30 June 2023				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	154,317	39,603	143,067	–	336,987
Internal net interest (expense)/income	(475)	102,153	(101,678)	–	–
Net fee and commission income	45,257	27,732	476	–	73,465
Other income/(expense), net (i)	2,666	(544)	13,599	2,733	18,454
Operating income	201,765	168,944	55,464	2,733	428,906
Operating expenses	(42,803)	(53,412)	(7,315)	(1,849)	(105,379)
Impairment (losses)/gains on assets	(98,002)	(11,783)	(12,978)	508	(122,255)
Operating profit	60,960	103,749	35,171	1,392	201,272
Share of results of associates and joint ventures	–	–	–	2,383	2,383
Profit before taxation	60,960	103,749	35,171	3,775	203,655
Income tax expense					(28,935)
Profit for the period					174,720
Other segment information:					
Depreciation and amortisation	5,343	6,688	1,411	53	13,495
Capital expenditure	8,204	10,640	2,157	84	21,085

(In RMB millions, unless otherwise stated)

	30 June 2023				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	16,443,856	8,983,283	17,950,126	183,907	43,561,172
Including: Investments in associates and joint ventures	–	–	–	63,552	63,552
Property and equipment	105,980	141,201	27,916	25,558	300,655
Other non-current assets (ii)	45,499	19,867	5,572	9,481	80,419
Unallocated assets					108,434
Total assets					43,669,606
Segment liabilities	17,295,846	16,951,537	5,481,135	295,640	40,024,158
Unallocated liabilities					49,028
Total liabilities					40,073,186
Other segment information:					
Credit commitments	2,017,687	1,117,759	–	–	3,135,446

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

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

	Six months ended 30 June 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	150,461	70,411	129,739	–	350,611
Internal net interest income/(expense)	7,500	78,576	(86,076)	–	–
Net fee and commission income	45,994	29,751	296	–	76,041
Other income/(expense), net (i)	5,037	(1,526)	10,071	3,927	17,509
Operating income	208,992	177,212	54,030	3,927	444,161
Operating expenses	(42,133)	(50,971)	(7,277)	(2,115)	(102,496)
Impairment losses on assets	(74,126)	(27,616)	(26,916)	(5,191)	(133,849)
Operating profit/(loss)	92,733	98,625	19,837	(3,379)	207,816
Share of results of associates and joint ventures	–	–	–	2,187	2,187
Profit/(loss) before taxation	92,733	98,625	19,837	(1,192)	210,003
Income tax expense					(37,184)
Profit for the period					172,819
Other segment information:					
Depreciation and amortisation	5,171	6,327	1,362	109	12,969
Capital expenditure	5,767	7,234	1,518	127	14,646

(In RMB millions, unless otherwise stated)

	31 December 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	14,683,048	8,659,449	15,992,193	174,339	39,509,029
Including: Investments in associates and joint ventures	–	–	–	65,790	65,790
Property and equipment	106,222	141,504	27,976	18,185	293,887
Other non-current assets (ii)	45,386	20,133	5,610	9,649	80,778
Unallocated assets					101,117
Total assets					39,610,146
Segment liabilities	15,448,837	15,325,115	5,039,830	191,414	36,005,196
Unallocated liabilities					89,531
Total liabilities					36,094,727
Other segment information:					
Credit commitments	1,861,309	1,109,736	–	–	2,971,045

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

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

(b) Geographical information

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

Chinese mainland (Head Office and domestic branches)

Head Office ("HO"):	the HO business divisions (including institutions directly managed by the HO and its offices);
Yangtze River Delta:	including Shanghai, Jiangsu, Zhejiang and Ningbo;
Pearl River Delta:	including Guangdong, Shenzhen, Fujian and Xiamen;
Bohai Rim:	including Beijing, Tianjin, Hebei, Shandong and Qingdao;
Central China:	including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;
Western China:	including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and
Northeastern China:	including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and other

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

(In RMB millions, unless otherwise stated)

	Six months ended 30 June 2023									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income	158,462	31,984	34,022	199	36,913	49,974	3,113	22,320	–	336,987
Internal net interest (expense)/ income	(161,197)	34,657	17,335	70,833	17,598	11,871	11,177	(2,274)	–	–
Net fee and commission income	16,401	14,268	9,056	11,464	7,753	7,349	1,733	6,547	(1,106)	73,465
Other income/(expense), net (i)	8,485	(615)	(691)	(501)	(435)	(422)	179	11,352	1,102	18,454
Operating income	22,151	80,294	59,722	81,995	61,829	68,772	16,202	37,945	(4)	428,906
Operating expenses	(14,753)	(15,607)	(11,323)	(16,456)	(15,059)	(15,430)	(5,045)	(11,710)	4	(105,379)
Impairment losses on assets	(27,340)	(18,478)	(21,632)	(19,599)	(13,625)	(15,605)	(3,114)	(2,862)	–	(122,255)
Operating (loss)/profit	(19,942)	46,209	26,767	45,940	33,145	37,737	8,043	23,373	–	201,272
Share of results of associates and joint ventures	–	–	–	–	–	–	–	2,383	–	2,383
(Loss)/profit before taxation	(19,942)	46,209	26,767	45,940	33,145	37,737	8,043	25,756	–	203,655
Income tax expense										(28,935)
Profit for the period										174,720
Other segment information:										
Depreciation and amortisation	2,351	2,019	1,385	1,947	1,769	2,062	755	1,207	–	13,495
Capital expenditure	696	585	763	1,275	1,001	892	244	15,629	–	21,085

	30 June 2023									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,781,839	10,125,913	6,622,450	6,255,346	4,678,909	5,511,722	1,531,040	4,523,837	(4,469,884)	43,561,172
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	63,552	–	63,552
Property and equipment	11,499	30,903	13,161	18,976	17,800	21,256	7,981	179,079	–	300,655
Other non-current assets (ii)	16,636	7,034	5,988	6,833	8,195	9,734	2,375	23,624	–	80,419
Unallocated assets										108,434
Total assets										43,669,606
Liabilities by geographical areas	5,934,918	9,565,170	5,943,896	9,811,431	4,949,991	5,203,523	1,946,332	1,138,781	(4,469,884)	40,024,158
Unallocated liabilities										49,028
Total liabilities										40,073,186
Other segment information:										
Credit commitments	1,156,985	1,533,097	1,008,484	1,179,245	696,059	758,683	187,932	759,238	(4,144,277)	3,135,446

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

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

(In RMB millions, unless otherwise stated)

	Six months ended 30 June 2022									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income	139,891	41,385	42,525	10,109	39,617	53,110	4,912	19,062	–	350,611
Internal net interest (expense)/ income	(110,232)	21,314	6,221	55,765	12,013	7,378	8,454	(913)	–	–
Net fee and commission income	21,286	13,274	9,010	11,546	6,751	6,694	1,686	7,003	(1,209)	76,041
Other income/(expense), net (i)	8,217	(1,211)	(610)	(707)	(295)	(703)	(729)	12,342	1,205	17,509
Operating income	59,162	74,762	57,146	76,713	58,086	66,479	14,323	37,494	(4)	444,161
Operating expenses	(14,829)	(14,743)	(11,501)	(16,302)	(14,458)	(15,616)	(4,938)	(10,113)	4	(102,496)
Impairment losses on assets	(37,037)	(19,884)	(18,946)	(17,394)	(12,851)	(18,254)	(6,040)	(3,443)	–	(133,849)
Operating profit	7,296	40,135	26,699	43,017	30,777	32,609	3,345	23,938	–	207,816
Share of results of associates and joint ventures	–	–	–	–	–	–	–	2,187	–	2,187
Profit before taxation	7,296	40,135	26,699	43,017	30,777	32,609	3,345	26,125	–	210,003
Income tax expense										(37,184)
Profit for the period										172,819
Other segment information:										
Depreciation and amortisation	2,223	1,929	1,321	1,955	1,690	2,077	724	1,050	–	12,969
Capital expenditure	380	1,219	1,160	759	980	1,021	210	8,917	–	14,646

	31 December 2022									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,069,477	9,418,551	6,583,520	6,065,352	4,396,769	5,174,047	1,469,644	4,366,642	(6,034,973)	39,509,029
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	65,790	–	65,790
Property and equipment	12,750	32,205	13,678	19,853	18,542	22,240	8,403	166,216	–	293,887
Other non-current assets (ii)	16,623	7,274	6,149	6,812	8,359	9,769	2,469	23,323	–	80,778
Unallocated assets										101,117
Total assets										39,610,146
Liabilities by geographical areas	5,335,535	9,208,450	5,833,211	9,263,328	4,599,017	4,842,967	1,819,550	1,138,111	(6,034,973)	36,005,196
Unallocated liabilities										89,531
Total liabilities										36,094,727
Other segment information:										
Credit commitments	1,157,911	1,378,232	931,972	1,106,387	624,496	680,902	160,799	796,832	(3,866,486)	2,971,045

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

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

43. FINANCIAL RISK MANAGEMENT

The board of directors (the "Board") has the ultimate responsibility for risk management and oversees the Group's risk management system through the Risk Management Committee and the Audit Committee of the Board.

The President supervises risk management and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee, which set the risk management strategies and appetite, evaluate and formulate risk management policies and procedures, and make recommendations through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise the Bank's risk management and make decisions.

The Group has clearly defined the roles of each department in monitoring financial risks within the Group. The Credit Management Department monitors credit risk, the Risk Management Department together with the Asset and Liability Management Department monitor market and liquidity risks, and the Internal Control and Compliance Department monitors operational risk. The Risk Management Department is primarily responsible for establishing and coordinating a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting risk management structure at the branch level. Under this structure, the risk management department of the branches report to both the Group risk management department and the management of the branches.

(a) Credit risk

Definition and scope

Credit risk is the risk of loss arising from a borrower or counterparty's failure to perform its obligations. Operational failures which result in unauthorised or inappropriate guarantees, financial commitments or investments by the Group may also give rise to credit risk. The Group's credit risk is mainly attributable to its credit assets, due from banks and other financial institutions and financial investments.

The Group is also exposed to credit risk in other areas. The credit risk arising from derivative financial instruments is limited to derivative financial assets recorded in the consolidated statement of financial position. In addition, the Group provides guarantees for customers and may therefore be required to make payments on their behalf. These payments would be recovered from customers in accordance with the terms of the agreement. Therefore, the Group assumes a credit risk similar to that arising from loans and applies the same risk control procedures and policies to reduce risks.

Credit risk assessment method

Staging of financial instruments

The Group classifies financial instruments into following three stages and makes provisions for expected credit loss accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition and whether the assets have been credit-impaired.

Stage 1: For a financial instrument of which the credit risk has not significantly increased since initial recognition, the amount equal to 12-month expected credit losses is recognised as loss allowance.

Stage 2: For a financial instrument with a significant increase in credit risk since initial recognition but not considered to be credit-impaired, the amount equal to lifetime expected credit losses is recognised as loss allowance.

Stage 3: For a financial instrument considered to be credit-impaired as at end of the reporting period, the amount equal to lifetime expected credit losses is recognised as loss allowance.

Classification of credit risk exposures

The Group classifies credit risk exposures of expected credit losses with sufficient information by considering factors such as internal ratings-based ("IRB") segmentation, product types, customer types, industry risk characteristics, and response to macro-economic changes.

Significant increase in credit risk

The assessment of significant increase in credit risk since initial recognition is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of staging of financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk rating, debt-servicing capacity, operating capabilities, contractual terms, and repayment behavior and willingness. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial recognition to determine changes in the risk of default over the expected lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen above threshold, the background for financing have been authenticated, the financial instrument has been past due for more than 30 days, the loan has been modified in payment term of principal or interest, any significant negative issue has been arisen and any other indicators of increase in risk have been noticed.

The Group has further facilitated the deferral in principal repayment and interest payment credit arrangements for the inclusive loans to micro and small-sized businesses in accordance with the government's regulations. The Group classifies the credit risk based on the actual situation of the borrower and the judgement of the substantive risk of the business for those loans with deferred principal repayment and interest payment. However, the temporary deferral in principal repayment and interest payment are not considered as an automatic trigger event for a significant increase in credit risk.

Definition of default

The Group defines a corporate borrower as in default when it meets one or more of the following criteria:

(i) The principal or interest of any credit business is past due more than 90 days to the Group;

(ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or

(iii) The corporate borrower has the matters refer to in (i) or (ii) above in other financial institutions.

The Group defines a retail business borrower as in default when any single credit asset of a borrower meets one or more of the following criteria:

(i) The principal or interest of loan is past due more than 90 days (not inclusive);

(ii) Write-offs of loan; or

(iii) The retail business borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral.

Impairment assessment

A financial asset is generally considered to be credit-impaired if:

– it has been overdue for more than 90 days (not inclusive);

– in light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;

– it is probable that the borrower will be insolvent or carry out other financial restructurings;

– due to serious financial difficulties, the financial asset cannot continue to be traded in an active market; and

– there are other objective evidences that indicate the financial asset is impaired.

Parameters, assumptions and estimation techniques

Loss allowance for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition and whether an asset is considered to be credit-impaired. ECL for loans and advances to customers, other than those corporate loans and advance to customers which are credit-impaired, is measured using the risk parameters method. The key parameters include Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money.

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the IRB approach under the New Basel Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time PD under the current macro-economic environment.

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. LGD depends on the type of counterparty, the method and priority of the recourse, and the type of collateral, taking the forward-looking adjustments into account.

EAD refers to the total amount of on – and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

During the reporting period, based on the requirements of the Administrative Measures for the Implementation of the Expected Credit Loss Law of Commercial Banks, the Group conducted a re-verification of the measurement of expected credit losses, and continued to optimize the model according to the results of the re-verification, including updating forward-looking information, model parameters, risk grouping, and other.

There have been no significant changes in estimation techniques or significant assumptions adopted in ECL calculation during the period.

The calculation of impairment loss on credit-impaired corporate loans and advance to customers applies discounted cash flow method. If there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the consolidated statement of profit or loss. In determining allowances, the following factors are considered:

– the sustainability of the borrower's business plan;

– the borrower's ability to improve performance when a financial difficulty arises;

– the estimated recoverable cash flows from projects and liquidation;

– the availability of other financial support and the realisable value of collateral; and

– the timing of the expected cash flows.

It may not be possible to identify a single or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period unless there are other unforeseen circumstances.

Forward-looking information contained in ECL

The assessment of significant increase in credit risk and the calculation of ECL incorporate forward-looking information. The Group has performed historical data analysis and identified Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Purchasing Managers' Index ("PMI"), Consumer Confidence Index and other macro-economic indicators as impacting the ECL for each portfolio. The impact of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the correlations among the historical changes of the economic variables, PD and LGD. The impact of these economic variables on the PD and LGD varies according to different types of business. Forecasts of these economic variables are carried out at least quarterly by the Group to provide the best estimate view of the economy over the next year.

(In RMB millions, unless otherwise stated)

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement. The neutral, optimistic and pessimistic scenarios are of comparable weightings, of which, the weighting of neutral scenario is slightly higher than that of the other two scenarios. The weightings of the scenarios are consistent with those as at 31 December 2022.

As at 30 June 2023, the Group has taken into account different macro-economic scenarios, combined with the impact of factors such as effect of prior period base data on economic development trends, and made forward-looking forecasts of macro-economic indicators. Of which, the year-on-year GDP growth rate used to estimate ECL under each scenario is as follows: 5.3% under neutral scenario, 6.3% under optimistic scenario, and 4.5% under pessimistic scenario.

Financial assets contract modification

The Group might modify the terms of loan with a customer based on commercial renegotiations, or when the customer is in financial difficulty, with a view to maximising the recovery of loan.

Such modifications include restructuring the loan to provide extended payment term arrangements, payment holidays or payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue, and these policies and practices are reviewed regularly. Such restructures are especially common for medium-term and long-term loans. The classification of a rescheduled loan shall not be upgraded unless it has met certain criteria and after an observation period of at least 6 months.

The following table includes carrying amount of rescheduled loans and advance to customers:

	30 June 2023	31 December 2022
Rescheduled loans and advances to customers	34,074	26,229
Including: Impaired loans and advances to customers	13,225	6,425

Collateral and other credit enhancements

The amount and type of collateral required depend on the assessment of credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills and marketable securities. As part of certain reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralised by properties or other assets. As at 30 June 2023, the gross carrying amount of corporate loans and discounted bills amounted to RMB16,816,006 million (31 December 2022: RMB14,975,751 million), of which credit exposure covered by collateral amounted to RMB4,921,313 million (31 December 2022: RMB4,680,161 million).

Personal loans are mainly collateralised by residential properties. As at 30 June 2023, the gross carrying amount of personal loans amounted to RMB8,475,915 million (31 December 2022: RMB8,234,625 million), of which credit exposure covered by collateral amounted to RMB7,539,670 million (31 December 2022: RMB7,359,369 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be appraised and confirmed by the Group or valuation agencies engaged by the Group. The value of collateral should adequately cover the outstanding balance of loans. The Group takes into consideration the types of collateral, state of condition, liquidity, price volatility and realisation cost to determine the loan-to-value ratio of collateral. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

The Group monitors the market value of the collateral and when needed, require additional collateral according to agreements. The Group disposes of repossessed assets in an orderly manner.

(In RMB millions, unless otherwise stated)

(i) Maximum exposure to credit risk without taking into account any collateral and other credit enhancements

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking into account any collateral and other credit enhancements is set out below:

	30 June 2023	31 December 2022
Balances with central banks	3,609,555	3,361,552
Due from banks and other financial institutions	1,232,233	1,192,532
Derivative financial assets	106,575	87,205
Reverse repurchase agreements	1,693,205	864,122
Loans and advances to customers	24,602,095	22,591,676
Financial investments		
Financial investments measured at FVTPL	608,508	575,165
Financial investments measured at FVTOCI	2,305,318	2,129,970
Financial investments measured at amortised cost	8,045,098	7,563,132
Other	185,955	128,358
	42,388,542	38,493,712
Credit commitments	3,135,446	2,971,045
Maximum credit risk exposure	45,523,988	41,464,757

(ii) Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development and could present a different credit risk.

(1) Loans and advances to customers

By geographical distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by geographical distribution is as follows:

	30 June 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Head Office	729,104	2.88%	747,980	3.22%
Yangtze River Delta	5,371,335	21.24%	4,798,204	20.68%
Pearl River Delta	3,947,251	15.61%	3,621,603	15.60%
Bohai Rim	4,182,767	16.54%	3,816,621	16.45%
Central China	3,887,951	15.37%	3,561,290	15.34%
Western China	4,593,159	18.16%	4,225,369	18.20%
Northeastern China	1,053,039	4.16%	978,246	4.21%
Overseas and other	1,527,315	6.04%	1,461,063	6.30%
Total	25,291,921	100.00%	23,210,376	100.00%

(In RMB millions, unless otherwise stated)

By industry

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is as follows:

	30 June 2023	31 December 2022
Transportation, storage and postal services	3,633,130	3,357,175
Manufacturing	2,509,190	2,068,044
Leasing and commercial services	2,297,446	1,980,076
Water, environment and public utility management	1,706,264	1,531,163
Production and supply of electricity, heating, gas and water	1,472,063	1,313,234
Real estate	1,025,936	976,460
Wholesale and retail	751,535	608,722
Finance	705,997	584,594
Construction	491,362	392,535
Science, education, culture and sanitation	406,512	368,149
Mining	331,790	263,109
Other	429,208	383,705
Subtotal for corporate loans	15,760,433	13,826,966
Personal mortgage and business loans	7,563,432	7,362,031
Other	912,483	872,594
Subtotal for personal loans	8,475,915	8,234,625
Discounted bills	1,055,573	1,148,785
Total for loans and advances to customers	25,291,921	23,210,376

By collateral

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by collateral is as follows:

	30 June 2023	31 December 2022
Unsecured loans	9,493,205	8,221,000
Guaranteed loans	2,817,734	2,544,651
Loans secured by mortgages	10,377,403	9,977,153
Pledged loans	2,603,579	2,467,572
Total	25,291,921	23,210,376

(In RMB millions, unless otherwise stated)

Overdue loans

The composition of the Group's gross overdue loans (excluding accrued interest) by collateral is as follows:

	30 June 2023				
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	31,946	23,173	31,717	4,618	91,454
Guaranteed loans	15,173	15,154	17,723	6,302	54,352
Loans secured by mortgages	57,835	38,101	37,787	9,943	143,666
Pledged loans	2,784	714	4,073	506	8,077
Total	107,738	77,142	91,300	21,369	297,549

	31 December 2022				
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	33,114	22,052	30,694	3,304	89,164
Guaranteed loans	11,219	16,734	20,007	5,674	53,634
Loans secured by mortgages	44,182	37,795	38,550	9,999	130,526
Pledged loans	5,287	2,928	1,926	566	10,707
Total	93,802	79,509	91,177	19,543	284,031

(2) Debt securities investments

By issuers

The following tables present an analysis of the Group's debt securities investments (excluding accrued interest) by types of issuers and investments:

	30 June 2023			
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost	Total
Governments and central banks	196,224	1,075,617	6,746,930	8,018,771
Policy banks	50,782	225,649	574,481	850,912
Banks and other financial institutions	220,266	415,057	560,457	1,195,780
Corporate entities	81,722	560,537	59,122	701,381
	548,994	2,276,860	7,940,990	10,766,844

(In RMB millions, unless otherwise stated)

	31 December 2022			
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost	Total
Governments and central banks	123,419	982,051	6,373,902	7,479,372
Policy banks	28,290	211,905	522,014	762,209
Banks and other financial institutions	231,085	349,923	506,021	1,087,029
Corporate entities	110,456	560,850	63,654	734,960
	493,250	2,104,729	7,465,591	10,063,570

By rating

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies in the countries where the issuers of debt securities are located. The carrying amounts of debt securities investments (excluding accrued interest) analysed by rating as at the end of the reporting period are as follows:

	30 June 2023					
	Unrated	AAA	AA	A	Below A	Total
Governments and central banks	2,144,251	5,721,834	53,625	60,957	38,104	8,018,771
Policy banks	753,378	58,395	19,678	17,415	2,046	850,912
Banks and other financial institutions	513,886	423,159	35,487	172,349	50,899	1,195,780
Corporate entities	165,746	393,752	11,046	90,202	40,635	701,381
	3,577,261	6,597,140	119,836	340,923	131,684	10,766,844

	31 December 2022					
	Unrated	AAA	AA	A	Below A	Total
Governments and central banks	2,209,376	5,156,655	30,519	47,631	35,191	7,479,372
Policy banks	700,863	44,454	3,222	13,310	360	762,209
Banks and other financial institutions	442,644	412,053	24,171	127,208	80,953	1,087,029
Corporate entities	158,706	420,935	4,214	101,736	49,369	734,960
	3,511,589	6,034,097	62,126	289,885	165,873	10,063,570

(In RMB millions, unless otherwise stated)

(iii) Three-stage analysis of financial instruments' risk exposure

The Group's credit risk stages of financial instruments are as follows:

	30 June 2023							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,671,553	–	–	3,671,553	–	–	–	–
Due from banks and other financial institutions	1,236,502	169	–	1,236,671	(4,354)	(84)	–	(4,438)
Reverse repurchase agreements	1,512,211	–	–	1,512,211	(634)	–	–	(634)
Loans and advances to customers	23,326,612	613,641	343,214	24,283,467	(349,554)	(136,104)	(264,696)	(750,354)
Financial investments	8,083,687	11	3,141	8,086,839	(39,039)	(1)	(2,701)	(41,741)
Total	37,830,565	613,821	346,355	38,790,741	(393,581)	(136,189)	(267,397)	(797,167)

	30 June 2023							
	Carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVTOCI								
Loans and advances to customers	1,064,636	–	391	1,065,027	(538)	–	(304)	(842)
Financial investments	2,294,929	9,947	442	2,305,318	(4,947)	(1,572)	(3,611)	(10,130)
Total	3,359,565	9,947	833	3,370,345	(5,485)	(1,572)	(3,915)	(10,972)

(In RMB millions, unless otherwise stated)

	31 December 2022							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,427,892	–	–	3,427,892	–	–	–	–
Due from banks and other financial institutions	1,194,032	–	–	1,194,032	(1,500)	–	–	(1,500)
Reverse repurchase agreements	709,623	–	–	709,623	(475)	–	–	(475)
Loans and advances to customers	21,098,741	685,365	321,135	22,105,241	(278,715)	(141,586)	(251,923)	(672,224)
Financial investments	7,591,165	163	3,139	7,594,467	(28,613)	(23)	(2,699)	(31,335)
Total	34,021,453	685,528	324,274	35,031,255	(309,303)	(141,609)	(254,622)	(705,534)

	31 December 2022							
	Carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVTOCI								
Loans and advances to customers	1,155,844	–	35	1,155,879	(510)	–	(28)	(538)
Financial investments	2,118,550	10,534	886	2,129,970	(4,794)	(1,009)	(3,527)	(9,330)
Total	3,274,394	10,534	921	3,285,849	(5,304)	(1,009)	(3,555)	(9,868)

As at 30 June 2023 and 31 December 2022, credit risk exposures of credit commitments were mainly classified in Stage 1.

(b) Liquidity risk

Liquidity risk is the risk that funds will not be sufficient or raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although the Group remains solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

– optimising the structure of assets and liabilities;

– maintaining the stability of the deposit base;

– projecting cash flows and evaluating the level of current assets; and

– maintaining an efficient internal fund transfer mechanism to ensure sufficient liquidity at branch level.

(In RMB millions, unless otherwise stated)

(i) Maturity analysis of assets and liabilities

The tables below summarise the maturity profile of the Group's assets and liabilities. The actual remaining maturity of the Group's financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2023							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	Total
Assets:								
Cash and balances with central banks	853,782	3,320	2,173	5,870	4,345	–	2,802,063	3,671,553
Due from banks and other financial institutions (i)	295,206	1,995,482	303,549	274,049	56,601	551	–	2,925,438
Derivative financial assets	–	18,038	25,849	40,453	15,771	6,464	–	106,575
Loans and advances to customers	33,419	1,246,867	1,201,510	4,568,537	4,688,051	12,760,932	102,779	24,602,095
Financial investments								
Financial investments measured at FVTPL	93,468	27,054	73,670	184,942	104,715	223,231	106,221	813,301
Financial investments measured at FVTOCI	–	124,000	237,247	423,763	933,361	586,816	91,545	2,396,732
Financial investments measured at amortised cost	–	153,360	274,898	603,438	2,931,554	4,081,228	620	8,045,098
Investments in associates and joint ventures	–	–	–	–	–	–	63,552	63,552
Property and equipment	–	–	–	–	–	–	300,655	300,655
Other	152,375	274,657	29,457	58,594	44,951	77,329	107,244	744,607
Total assets	1,428,250	3,842,778	2,148,353	6,159,646	8,779,349	17,736,551	3,574,679	43,669,606
Liabilities:								
Due to central banks	–	4,421	31,007	188,464	792	–	–	224,684
Due to banks and other financial institutions (ii)	2,327,409	460,327	238,115	636,580	65,682	15,158	–	3,743,271
Financial liabilities measured at FVTPL	52,666	248	230	3,503	4,014	1,273	–	61,934
Derivative financial liabilities	–	25,338	27,497	46,866	14,034	5,814	–	119,549
Certificates of deposit	–	80,647	101,808	156,902	18,687	–	–	358,044
Due to customers	14,137,467	2,340,419	1,826,308	7,060,032	7,993,095	16,451	–	33,373,772
Debt securities issued	–	14,903	30,907	273,790	220,429	634,458	–	1,174,487
Other	–	321,069	234,600	126,182	138,889	196,705	–	1,017,445
Total liabilities	16,517,542	3,247,372	2,490,472	8,492,319	8,455,622	869,859	–	40,073,186
Net liquidity gap	(15,089,292)	595,406	(342,119)	(2,332,673)	323,727	16,866,692	3,574,679	3,596,420

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

	31 December 2022							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	Total
Assets:								
Cash and balances with central banks	766,050	3,771	3,471	2,534	4,316	–	2,647,750	3,427,892
Due from banks and other financial institutions (i)	231,177	1,178,164	241,316	348,491	57,506	–	–	2,056,654
Derivative financial assets	1,228	14,136	20,960	25,225	16,705	8,951	–	87,205
Loans and advances to customers	32,364	1,109,740	1,048,523	4,279,277	3,772,395	12,253,435	95,942	22,591,676
Financial investments								
Financial investments measured at FVTPL	93,469	7,792	22,464	208,484	116,605	199,594	99,066	747,474
Financial investments measured at FVTOCI	–	121,032	234,407	345,296	867,843	561,208	93,310	2,223,096
Financial investments measured at amortised cost	–	115,000	203,067	836,644	2,771,349	3,636,452	620	7,563,132
Investments in associates and joint ventures	–	–	–	–	–	–	65,790	65,790
Property and equipment	–	–	–	–	–	–	293,887	293,887
Other	98,293	153,780	26,799	44,653	32,770	89,434	107,611	553,340
Total assets	1,222,581	2,703,415	1,801,007	6,090,604	7,639,489	16,749,074	3,403,976	39,610,146
Liabilities:								
Due to central banks	–	6,127	16,882	121,734	1,038	–	–	145,781
Due to banks and other financial institutions (ii)	2,509,370	542,311	204,501	421,705	68,494	16,109	–	3,762,490
Financial liabilities measured at FVTPL	57,045	61	578	2,338	3,597	668	–	64,287
Derivative financial liabilities	1,955	17,932	23,702	30,565	14,231	7,965	–	96,350
Certificates of deposit	–	68,099	125,796	175,348	6,209	–	–	375,452
Due to customers	14,271,619	1,913,802	1,683,372	5,432,348	6,551,322	18,028	–	29,870,491
Debt securities issued	–	6,899	29,260	86,443	203,986	579,365	–	905,953
Other	–	255,765	129,605	164,692	132,461	191,400	–	873,923
Total liabilities	16,839,989	2,810,996	2,213,696	6,435,173	6,981,338	813,535	–	36,094,727
Net liquidity gap	(15,617,408)	(107,581)	(412,689)	(344,569)	658,151	15,935,539	3,403,976	3,515,419

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(ii) Maturity analysis of undiscounted contractual cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the undiscounted contractual cash flows. The balances of some items in the tables below are different from the balances in the consolidated statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's actual cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2023							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	853,782	3,320	2,184	6,009	4,620	–	2,802,063	3,671,978
Due from banks and other financial institutions (i)	295,206	1,997,343	305,852	280,696	61,371	568	–	2,941,036
Loans and advances to customers (ii)	41,502	1,365,839	1,420,723	5,544,494	8,325,220	21,284,086	498,920	38,480,784
Financial investments								
Financial investments measured at FVTPL	93,468	27,773	76,626	192,581	138,327	247,655	106,771	883,201
Financial investments measured at FVTOCI	–	127,370	247,467	465,816	1,060,710	760,259	92,693	2,754,315
Financial investments measured at amortised cost	–	172,821	319,745	778,431	3,615,704	5,023,023	3,131	9,912,855
Other	142,327	277,917	16,067	44,808	20,206	89,911	–	591,236
	1,426,285	3,972,383	2,388,664	7,312,835	13,226,158	27,405,502	3,503,578	59,235,405
Financial liabilities:								
Due to central banks	–	4,432	31,083	190,347	825	–	–	226,687
Due to banks and other financial institutions (iii)	2,327,409	461,645	240,129	647,450	72,567	20,315	–	3,769,515
Financial liabilities measured at FVTPL	52,666	256	288	4,729	6,657	1,664	–	66,260
Certificates of deposit	–	80,786	102,395	159,892	19,723	–	–	362,796
Due to customers	14,139,010	2,342,228	1,834,142	7,175,798	8,439,690	19,794	–	33,950,662
Debt securities issued	–	15,371	35,704	301,954	323,244	729,875	–	1,406,148
Other	–	313,404	33,545	14,528	36,970	83,455	–	481,902
	16,519,085	3,218,122	2,277,286	8,494,698	8,899,676	855,103	–	40,263,970
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	1,421	1,645	(1,489)	415	1,207	–	3,199
Derivative financial instruments settled on gross basis								
Including: Cash inflow	–	1,338,562	741,993	1,096,444	353,332	59,772	–	3,590,103
Cash outflow	–	(1,331,179)	(736,771)	(1,101,541)	(356,512)	(60,305)	–	(3,586,308)
	–	7,383	5,222	(5,097)	(3,180)	(533)	–	3,795

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

	31 December 2022							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	766,050	3,774	3,478	2,566	4,579	–	2,647,750	3,428,197
Due from banks and other financial institutions (i)	231,187	1,180,526	244,334	354,211	59,009	–	–	2,069,267
Loans and advances to customers (ii)	40,595	1,213,028	1,255,195	5,132,696	7,016,225	20,395,144	525,600	35,578,483
Financial investments								
Financial investments measured at FVTPL	93,469	8,495	24,050	218,327	151,910	221,742	99,746	817,739
Financial investments measured at FVTOCI	–	134,663	241,424	385,254	998,386	709,859	94,446	2,564,032
Financial investments measured at amortised cost	–	136,945	236,805	1,015,478	3,407,392	4,446,184	3,129	9,245,933
Other	92,591	143,086	12,698	35,490	17,734	92,825	39	394,463
	1,223,892	2,820,517	2,017,984	7,144,022	11,655,235	25,865,754	3,370,710	54,098,114
Financial liabilities:								
Due to central banks	–	6,132	16,923	122,938	1,038	–	–	147,031
Due to banks and other financial institutions (iii)	2,509,380	543,715	206,552	436,973	97,907	17,746	–	3,812,273
Financial liabilities measured at FVTPL	57,045	65	578	2,403	3,598	668	–	64,357
Certificates of deposit	–	68,186	126,364	177,563	6,649	–	–	378,762
Due to customers	14,281,430	1,920,323	1,695,923	5,520,110	6,916,340	20,642	–	30,354,768
Debt securities issued	–	9,558	32,841	107,640	297,722	673,025	–	1,120,786
Other	–	247,958	34,944	13,476	34,445	94,479	–	425,302
	16,847,855	2,795,937	2,114,125	6,381,103	7,357,699	806,560	–	36,303,279
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	817	464	1,529	1,542	100	–	4,452
Derivative financial instruments settled on gross basis								
Including: Cash inflow	85,965	979,392	586,504	849,091	263,153	37,805	–	2,801,910
Cash outflow	(88,580)	(975,680)	(593,312)	(849,885)	(265,245)	(38,589)	–	(2,811,291)
	(2,615)	3,712	(6,808)	(794)	(2,092)	(784)	–	(9,381)

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(iii) Analysis of credit commitments by contractual expiry date

Management does not expect all of the commitments to be drawn down before the expiry of the commitments.

	30 June 2023						
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
Credit commitments	1,253,945	139,927	324,220	712,255	552,509	152,590	3,135,446

	31 December 2022						
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
Credit commitments	1,228,303	112,499	273,992	682,822	490,874	182,555	2,971,045

(c) 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.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and interest rate risk arising from treasury business positions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The analysis of the interest rate risk in the banking book is disclosed in Note 43(d).

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the foreign exchange exposures arising from currency structural imbalance between foreign currency assets and liabilities, and off-balance sheet foreign exchange exposures arising from currency derivative transactions.

The Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios to be immaterial.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(i) VaR

VaR is a measure index which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation method to calculate and monitor the VaRs of trading portfolios with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaRs of trading book by risk type is as follows:

	Six months ended 30 June 2023			
	End of period	Average	Maximum	Minimum
Interest rate risk	103	155	209	93
Currency risk	259	252	285	227
Commodity risk	40	34	42	26
Total portfolio VaR	321	338	396	274

(In RMB millions, unless otherwise stated)

	Six months ended 30 June 2022			
	End of period	Average	Maximum	Minimum
Interest rate risk	73	67	91	30
Currency risk	155	136	159	83
Commodity risk	8	10	27	7
Total portfolio VaR	154	148	171	89

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there is a diversification effect due to the correlation amongst the risk factors, the individual VaRs do not add up to the total portfolio VaR.

Although VaR is an important tool for measuring market risk under normal market environment, the assumptions on which the model is based do give rise to some limitations, mainly including the following:

(1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose of positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain basically unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to hedge or dispose of all positions fully;

(2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and

(3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(ii) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, and other currencies to a lesser extent. The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD. Transactions in foreign currencies mainly arise from the Group's foreign currency treasury operations, commissioned foreign exchange dealings for clients and overseas investments.

The Group manages its currency risk exposure through various methods, including limit management and risk hedging to hedge currency risk, and performs currency risk sensitivity analysis and stress testing regularly.

The tables below indicate a sensitivity analysis of exchange rate changes of the main foreign currencies to which the Group had significant on – and off-balance sheet exposure on its monetary assets and liabilities and its estimated future cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. While the table below indicates the effect on profit before taxation and equity of a 1% depreciation of USD and HKD against RMB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the end of the reporting period are kept unchanged and, therefore, has not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

		Effect on profit before taxation		Effect on equity[(i)]	
Currency	Change in exchange rate	30 June 2023	31 December 2022	30 June 2023	31 December 2022
USD	-1%	531	522	(605)	(889)
HKD	-1%	919	817	(1,467)	(1,279)

(i) Effect on other comprehensive income (irrespective of income tax effect).

(In RMB millions, unless otherwise stated)

A breakdown of the assets and liabilities analysed by currency is as follows:

	30 June 2023				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
Assets:					
Cash and balances with central banks	3,352,921	174,555	12,882	131,195	3,671,553
Due from banks and other financial institutions (i)	1,995,749	630,797	36,105	262,787	2,925,438
Derivative financial assets	42,319	32,667	15,672	15,917	106,575
Loans and advances to customers	23,122,976	745,989	392,994	340,136	24,602,095
Financial investments					
Financial investments measured at FVTPL	761,269	31,731	10,251	10,050	813,301
Financial investments measured at FVTOCI	1,810,554	460,373	8,651	117,154	2,396,732
Financial investments measured at amortised cost	7,689,048	176,745	59,612	119,693	8,045,098
Investments in associates and joint ventures	35,417	2,713	142	25,280	63,552
Property and equipment	132,313	165,126	706	2,510	300,655
Other	521,296	103,121	43,834	76,356	744,607
Total assets	39,463,862	2,523,817	580,849	1,101,078	43,669,606
Liabilities:					
Due to central banks	223,575	–	–	1,109	224,684
Due to banks and other financial institutions (ii)	2,757,165	684,242	65,711	236,153	3,743,271
Financial liabilities measured at FVTPL	4,237	3,752	–	53,945	61,934
Derivative financial liabilities	53,647	38,149	15,111	12,642	119,549
Certificates of deposit	116,074	179,067	34,162	28,741	358,044
Due to customers	31,516,453	1,020,620	478,619	358,080	33,373,772
Debt securities issued	946,455	197,270	2,383	28,379	1,174,487
Other	754,763	166,227	47,800	48,655	1,017,445
Total liabilities	36,372,369	2,289,327	643,786	767,704	40,073,186
Net long/(short) position	3,091,493	234,490	(62,937)	333,374	3,596,420
Credit commitments	2,472,872	421,779	46,090	194,705	3,135,446

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

	31 December 2022				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
Assets:					
Cash and balances with central banks	3,126,696	150,292	14,937	135,967	3,427,892
Due from banks and other financial institutions (i)	1,108,378	644,064	35,575	268,637	2,056,654
Derivative financial assets	27,006	29,132	15,269	15,798	87,205
Loans and advances to customers	21,137,985	752,795	352,901	347,995	22,591,676
Financial investments					
Financial investments measured at FVTPL	697,336	32,710	8,122	9,306	747,474
Financial investments measured at FVTOCI	1,707,681	389,335	8,989	117,091	2,223,096
Financial investments measured at amortised cost	7,242,116	166,488	57,165	97,363	7,563,132
Investments in associates and joint ventures	36,740	2,728	189	26,133	65,790
Property and equipment	137,342	153,536	643	2,366	293,887
Other	342,804	84,400	38,442	87,694	553,340
Total assets	35,564,084	2,405,480	532,232	1,108,350	39,610,146
Liabilities:					
Due to central banks	143,352	–	–	2,429	145,781
Due to banks and other financial institutions (ii)	2,848,497	598,689	57,370	257,934	3,762,490
Financial liabilities measured at FVTPL	5,361	3,707	–	55,219	64,287
Derivative financial liabilities	31,128	33,778	15,856	15,588	96,350
Certificates of deposit	127,443	203,301	17,030	27,678	375,452
Due to customers	28,153,014	937,078	418,526	361,873	29,870,491
Debt securities issued	685,154	191,789	2,317	26,693	905,953
Other	712,469	138,878	14,136	8,440	873,923
Total liabilities	32,706,418	2,107,220	525,235	755,854	36,094,727
Net long position	2,857,666	298,260	6,997	352,496	3,515,419
Credit commitments	2,379,809	398,563	8,896	183,777	2,971,045

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(d) Interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall return and the economic value of the banking book arising from adverse movements in interest rate and term structure. This type of risk may occur in the following situations:

– the repricing period of different financial instruments are different when the interest rate changes;

– despite the similarities in maturity periods, changes in the benchmark interest rate vary among on- and off-balance sheet business in the banking book with different pricing benchmark interest rates;

– the Bank or the counterparty can elect to change the level or the maturity of future cash flows of financial instruments when the Bank holds option derivatives or when there are embedded option terms or implied options in the on- and off-balance sheet businesses in the banking book; and

– due to changes in expected default levels or market liquidity, the market's assessment of the credit quality of financial instruments changes, leading to changes in credit spreads.

(In RMB millions, unless otherwise stated)

The Group manages the interest rate risk in the banking book through the Asset and Liability Management Department, and the following methods have been adopted:

– interest rate prediction: analysing the macro-economic factors that may impact the PBOC benchmark interest rates and market interest rates;

– duration management: optimising the differences in timing between contractual repricing (or maturities) of interest-generating assets and interest-bearing liabilities;

– pricing management: managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates or market interest rates;

– limit management: optimising the positions of interest-generating assets and interest-bearing liabilities and controlling the impact on profit or loss and equity; and

– hedging: using interest rate derivatives for hedging management in a timely manner.

The Group measures interest rate risk mainly by analysing the sensitivity of projected net interest income under various interest rate movements (scenario analysis). The Group aims to mitigate the impact of prospective interest rate movements which might reduce future net interest income, while balancing the cost of hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, on the Group's net interest income and equity.

The effect on net interest income is the impact of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at the end of the reporting period that are subject to repricing within the coming year, including the effect of hedging instruments. The effect on equity is the impact of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate financial assets measured at FVTOCI held at the end of the reporting period, including the effect of any associated hedging instruments.

	30 June 2023			
	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(23,490)	(56,047)	23,490	62,340
USD	(1,043)	(3,221)	1,043	2,925
HKD	(1,282)	(36)	1,282	37
Other	826	(1,756)	(826)	1,804
Total	(24,989)	(61,060)	24,989	67,106

	31 December 2022			
	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(29,472)	(63,594)	29,472	71,723
USD	(469)	(4,663)	469	4,945
HKD	(809)	1,563	809	(1,642)
Other	458	(1,290)	(458)	1,355
Total	(30,292)	(67,984)	30,292	76,381

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the estimated movements in net interest income and equity based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions other than hedging that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same degree and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

(In RMB millions, unless otherwise stated)

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Group's assets and liabilities:

	30 June 2023					
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	3,312,767	5,870	4,345	–	348,571	3,671,553
Due from banks and other financial institutions (i)	2,539,708	271,172	49,651	506	64,401	2,925,438
Derivative financial assets	–	–	–	–	106,575	106,575
Loans and advances to customers	7,664,440	15,913,629	645,330	319,966	58,730	24,602,095
Financial investments						
Financial investments measured at FVTPL	100,131	185,574	80,658	210,328	236,610	813,301
Financial investments measured at FVTOCI	417,846	419,715	874,227	569,479	115,465	2,396,732
Financial investments measured at amortised cost	558,849	582,078	2,816,294	3,991,526	96,351	8,045,098
Investments in associates and joint ventures	–	–	–	–	63,552	63,552
Property and equipment	–	–	–	–	300,655	300,655
Other	263	3,650	21,290	52,767	666,637	744,607
Total assets	14,594,004	17,381,688	4,491,795	5,144,572	2,057,547	43,669,606
Liabilities:						
Due to central banks	35,428	188,462	788	–	6	224,684
Due to banks and other financial institutions (ii)	3,018,374	656,841	29,117	2,778	36,161	3,743,271
Financial liabilities measured at FVTPL	2,057	3,503	4,014	1,273	51,087	61,934
Derivative financial liabilities	–	–	–	–	119,549	119,549
Certificates of deposit	183,487	156,110	16,387	–	2,060	358,044
Due to customers	17,952,583	6,736,026	7,962,293	16,038	706,832	33,373,772
Debt securities issued	94,792	263,489	179,326	624,415	12,465	1,174,487
Other	2,205	8,757	35,843	58,250	912,390	1,017,445
Total liabilities	21,288,926	8,013,188	8,227,768	702,754	1,840,550	40,073,186
Interest rate exposure	(6,694,922)	9,368,500	(3,735,973)	4,441,818	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

(In RMB millions, unless otherwise stated)

	31 December 2022					
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	3,096,086	2,534	4,152	–	325,120	3,427,892
Due from banks and other financial institutions (i)	1,611,486	345,007	51,637	–	48,524	2,056,654
Derivative financial assets	–	–	–	–	87,205	87,205
Loans and advances to customers	8,087,371	13,732,571	405,677	314,051	52,006	22,591,676
Financial investments						
Financial investments measured at FVTPL	32,345	212,113	87,708	188,523	226,785	747,474
Financial investments measured at FVTOCI	440,796	372,109	770,277	526,625	113,289	2,223,096
Financial investments measured at amortised cost	467,417	823,892	2,658,476	3,522,497	90,850	7,563,132
Investments in associates and joint ventures	–	–	–	–	65,790	65,790
Property and equipment	–	–	–	–	293,887	293,887
Other	351	2,634	18,290	55,653	476,412	553,340
Total assets	13,735,852	15,490,860	3,996,217	4,607,349	1,779,868	39,610,146
Liabilities:						
Due to central banks	23,009	121,734	1,038	–	–	145,781
Due to banks and other financial institutions (ii)	3,267,140	410,049	31,106	933	53,262	3,762,490
Financial liabilities measured at FVTPL	3,005	1,168	1,421	27	58,666	64,287
Derivative financial liabilities	–	–	–	–	96,350	96,350
Certificates of deposit	195,459	172,644	6,159	–	1,190	375,452
Due to customers	17,539,353	5,273,380	6,347,993	16,484	693,281	29,870,491
Debt securities issued	95,251	62,121	167,260	569,208	12,113	905,953
Other	2,459	8,304	34,116	62,243	766,801	873,923
Total liabilities	21,125,676	6,049,400	6,589,093	648,895	1,681,663	36,094,727
Interest rate exposure	(7,389,824)	9,441,460	(2,592,876)	3,958,454	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

(e) Capital management

The Group has set the following capital management objectives:

- maintain sound capital adequacy to meet regulatory and policy requirements on capital, keep stable capital base to ensure the implementation of the Group's business growth and strategic plans in order to achieve comprehensive, balanced, and sustainable development;
- adopt the advanced capital measurement approach, improve the internal capital adequacy assessment process (ICAAP), publicly disclose information on capital management, cover all types of material risks, and ensure stable operations of the Group;
- leverage on the results of quantitative assessments of material risks fully, establish a bank-wide value management mechanism with a core of economic capital, improve the aligned policies, processes and applications in business management, strengthen the capital constraints and capital incentives mechanism, enhance the abilities of product pricing and decision-making support, and improve the capital allocation efficiency; and
- make effective use of various capital instruments, continuously enhance capital strengths, refine the capital structure, improve capital quality, reduce capital costs, and maximise shareholders' returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profiles of its business operations. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policies, issue or repurchase its own shares, eligible additional tier 1 capital instruments, eligible tier 2 capital instruments or convertible bonds.

The Group monitors the capital adequacy ratios regularly based on regulations issued by the former CBIRC. The required information is quarterly filed with the NAFR by the Group and the Bank.

Since 1 January 2013, the Group commenced calculating the capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations. In April 2014, the former CBIRC officially approved the Bank to adopt the advanced capital management approach. Within the approved scope of risk exposures that meet the regulatory requirements, the Bank can adopt the foundation IRB approach for its corporate credit risk exposures, the IRB approach for its retail credit risk exposures, the internal model approach (IMA) for its market risk exposures and the standardised approach for its operational risk exposures.

According to Regulation Governing Capital of Commercial Banks (Provisional), Measures for the Assessment of Systemically Important Banks, Additional Regulation of Systemically Important Banks (Provisional), and the capital surcharge applied to global systemically important banks as required by the Basel Committee on Banking Supervision, the minimum common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio of the Group shall not be lower than 9%, 10% and 12% respectively. In addition, overseas entities are directly regulated by local banking regulators, and the required capital adequacy ratios differ by countries or regions.

The Group calculates the following common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements. The requirements pursuant to these regulations may be different from those applicable in Hong Kong SAR and other jurisdictions.

The capital adequacy ratios and related data of the Group are calculated based on the statutory financial statements of the Group prepared under the PRC GAAP. During the reporting period, the Group has complied in full with all its externally imposed regulatory capital requirements.

(In RMB millions, unless otherwise stated)

The common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio of the Group calculated after implementation of the advanced capital measurement approaches approved by the former CBIRC are as follows:

	30 June 2023	31 December 2022
Common equity tier 1 capital	3,221,767	3,141,891
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,190	148,174
Surplus reserve	392,414	392,162
General reserve	496,678	496,406
Retained profits	1,827,301	1,766,288
Valid portion of minority interests	3,283	3,293
Other	(2,506)	(20,839)
Common equity tier 1 capital deductions	20,386	20,811
Goodwill	8,631	8,320
Other intangible assets other than land use rights	6,989	7,473
Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,214)	(2,962)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	3,201,381	3,121,080
Additional tier 1 capital	354,916	354,915
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	585	584
Net tier 1 capital	3,556,297	3,475,995
Tier 2 capital	917,699	805,084
Valid portion of tier 2 capital instruments and related premiums	583,691	528,307
Surplus provision for loan impairment	332,970	275,764
Valid portion of minority interests	1,038	1,013
Net capital base	4,473,996	4,281,079
Risk-weighted assets (i)	24,244,321	22,225,272
Common equity tier 1 capital adequacy ratio	13.20%	14.04%
Tier 1 capital adequacy ratio	14.67%	15.64%
Capital adequacy ratio	18.45%	19.26%

(i) Refers to risk-weighted assets after the capital floor and adjustments.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has established policies and internal controls with respect to the measurement of fair values, specifically the framework of fair value measurement of financial instruments, fair value measurement methodologies and operating procedures. Fair value measurement methodologies specify valuation techniques, parameter selection and relevant concepts, models and parameter-seeking methods. Operating procedures specify measurement procedures, timing of valuation, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transaction management. The Finance and Accounting Department plays a lead role in formulating accounting policies of fair value measurement, valuation methodologies and system implementation. The Risk Management Department is responsible for verifying trade details and validating models.

Fair value estimates are generally subjective in nature and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 inputs: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 inputs: valuation techniques are used, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 inputs: valuation techniques are used, for which certain inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following is a description of the fair value of financial instruments measured at fair value which are determined using valuation techniques. They incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments that use valuation techniques for their valuation include debt securities, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. The Group values such investments by incorporating either only observable data or both observable and unobservable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected default rates, prepayment rates, discount rates and market liquidity.

The majority of the debt securities investments classified as level 2 are RMB bonds. The fair values of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives that use valuation techniques with market observable inputs are mainly interest rate swaps, currency forwards, swaps and options. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves.

Structured derivatives are mainly valued using dealer's quotations.

Loans and advances to customers

The loans and advances to customers that use valuation techniques for valuation are mainly the bills and discounted cash flow model is used. For bank acceptance bill, based on the different credit risk of the acceptor, interest rate yield curve is set up using the actual market data; for commercial bill, based on the interbank offered rate, interest rate yield curve is constructed, with spreads adjusted for credit risk and liquidity.

(In RMB millions, unless otherwise stated)

Other liabilities at fair value through profit or loss

For unquoted other liabilities at FVTPL, discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on parameters including yields, foreign exchange forward rates, foreign exchange rate volatilities, which are calibrated by active market quotes of standard European option with the same underlying items.

(a) Financial instruments measured at fair value

	30 June 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial assets	3,320	102,642	613	106,575
Reverse repurchase agreements measured at FVTPL	–	181,628	–	181,628
Loans and advances to customers measured at FVTPL	–	3,797	158	3,955
Loans and advances to customers measured at FVTOCI	–	1,065,027	–	1,065,027
Financial investments measured at FVTPL				
Debt securities investments	12,512	533,338	3,144	548,994
Equity investments	20,534	9,725	70,520	100,779
Funds and other investments	37,019	85,219	41,290	163,528
	70,065	628,282	114,954	813,301
Financial investments measured at FVTOCI				
Debt securities investments	307,558	1,992,492	727	2,300,777
Other debt investments	–	4,541	–	4,541
Equity investments	7,536	35,877	48,001	91,414
	315,094	2,032,910	48,728	2,396,732
	388,479	4,014,286	164,453	4,567,218
Financial liabilities:				
Due to customers	–	226,000	–	226,000
Repurchase agreements	–	166,062	–	166,062
Financial liabilities measured at FVTPL	955	59,399	1,580	61,934
Derivative financial liabilities	3,947	114,286	1,316	119,549
	4,902	565,747	2,896	573,545

(In RMB millions, unless otherwise stated)

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial assets	3,730	82,589	886	87,205
Reverse repurchase agreements measured at FVTPL	–	154,974	–	154,974
Loans and advances to customers measured at FVTPL	–	2,671	109	2,780
Loans and advances to customers measured at FVTOCI	–	1,155,879	–	1,155,879
Financial investments measured at FVTPL				
Debt securities investments	32,905	457,187	3,158	493,250
Equity investments	16,925	12,334	68,484	97,743
Funds and other investments	34,460	85,701	36,320	156,481
	84,290	555,222	107,962	747,474
Financial investments measured at FVTOCI				
Debt securities investments	333,378	1,790,966	362	2,124,706
Other debt investments	–	5,264	–	5,264
Equity investments	7,792	38,310	47,024	93,126
	341,170	1,834,540	47,386	2,223,096
	429,190	3,785,875	156,343	4,371,408
Financial liabilities:				
Due to customers	–	235,414	–	235,414
Repurchase agreements	–	144,959	–	144,959
Financial liabilities measured at FVTPL	761	62,215	1,311	64,287
Derivative financial liabilities	4,203	89,962	2,185	96,350
	4,964	532,550	3,496	541,010

(In RMB millions, unless otherwise stated)

(b) Movement of level 3 financial instruments measured at fair value

The following tables show the movement of level 3 financial assets and financial liabilities measured at fair value:

	1 January 2023	Total gains/(losses) recorded in profit or loss	Total effects on other comprehensive income	Additions	Disposals and settlements	Transfer (out)/in of level 3	30 June 2023
Financial assets:							
Derivative financial assets	886	95	–	12	(311)	(69)	613
Loans and advances to customers measured at FVTPL	109	14	–	40	(5)	–	158
Financial investments measured at FVTPL							
Debt securities investments	3,158	(78)	–	627	(563)	–	3,144
Equity investments	68,484	845	–	7,003	(5,812)	–	70,520
Funds and other investments	36,320	1,095	–	6,608	(2,733)	–	41,290
Financial investments measured at FVTOCI							
Debt securities investments	362	–	31	714	(380)	–	727
Equity investments	47,024	–	1,513	64	(600)	–	48,001
	156,343	1,971	1,544	15,068	(10,404)	(69)	164,453
Financial liabilities:							
Financial liabilities measured at FVTPL	(1,311)	43	–	(670)	358	–	(1,580)
Derivative financial liabilities	(2,185)	727	–	(25)	159	8	(1,316)
	(3,496)	770	–	(695)	517	8	(2,896)

	1 January 2022	Total gains/(losses) recorded in profit or loss	Total effects on other comprehensive income	Additions	Disposals and settlements	Transfer (out)/in of level 3	31 December 2022
Financial assets:							
Derivative financial assets	1,066	848	–	88	(1,080)	(36)	886
Loans and advances to customers measured at FVTPL	106	12	–	102	(111)	–	109
Financial investments measured at FVTPL							
Debt securities investments	3,840	(218)	–	1,111	(2,149)	574	3,158
Equity investments	58,687	582	–	14,959	(5,744)	–	68,484
Funds and other investments	32,799	(2)	–	9,164	(3,478)	(2,163)	36,320
Financial investments measured at FVTOCI							
Debt securities investments	2,827	1	(2)	363	(2,764)	(63)	362
Equity investments	53,839	–	(1,198)	2,677	(6,320)	(1,974)	47,024
	153,164	1,223	(1,200)	28,464	(21,646)	(3,662)	156,343
Financial liabilities:							
Financial liabilities measured at FVTPL	(567)	(74)	–	(340)	167	(497)	(1,311)
Derivative financial liabilities	(1,426)	(2,174)	–	(14)	1,022	407	(2,185)
	(1,993)	(2,248)	–	(354)	1,189	(90)	(3,496)

(In RMB millions, unless otherwise stated)

Net gains or losses on level 3 financial instruments of the Group are set out below:

	Six months ended 30 June	
	2023	2022
Realised	208	395
Unrealised	2,533	1,545
	2,741	1,940

(c) Transfers between levels

(i) Transfers between level 1 and level 2

Due to changes in market conditions for certain securities, quoted prices in active markets were available for these securities. Therefore, these securities were transferred from level 2 to level 1 of the fair value hierarchy as at the end of the reporting period.

Due to changes in market conditions for certain securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities were transferred from level 1 to level 2 of the fair value hierarchy as at the end of the reporting period.

For the six months ended 30 June 2023 and 30 June 2022, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities measured at fair value of the Group were not significant.

(ii) Transfers between level 2 and level 3

At the end of the reporting period, certain financial instruments were transferred out from level 2 to level 3 of the fair value hierarchy for financial assets and liabilities when significant inputs used in their fair value measurements, which were previously observable became unobservable.

At the end of the reporting period, certain financial instruments were transferred out from level 3 of the fair value hierarchy for financial assets and liabilities, when significant inputs used in their fair value measurements, which were previously unobservable became observable, or when there was a change in valuation technique.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs primarily include certain structured financial derivatives, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. These financial instruments are valued using discounted cash flow model, net asset value method and market comparison approach. The models incorporate various unobservable assumptions such as expected default rates, prepayment rates, discount rates and market liquidity.

As at 30 June 2023, the effects of changing the significant unobservable assumptions to reasonably possible alternative assumptions were not significant (31 December 2022: not significant).

(In RMB millions, unless otherwise stated)

(e) Fair value of financial assets and financial liabilities not carried at fair value

There are no significant differences between the carrying amount and the fair value of financial assets and financial liabilities not measured at fair value, except for the following items:

	30 June 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	8,045,098	8,290,924	26,653	8,083,356	180,915
Financial liabilities					
Subordinated bonds and tier 2 capital bonds issued	647,305	652,072	–	652,072	–

	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	7,563,132	7,728,298	42,594	7,503,935	181,769
Financial liabilities					
Subordinated bonds and tier 2 capital bonds issued	591,630	594,718	–	594,718	–

Subject to the existence of an active market, such as an authorised stock exchange, the market value is the best reflection of the fair value of a financial instrument. As there is no available market value for certain financial assets held and financial liabilities issued by the Group, discounted cash flow or other valuation methods described below are adopted to determine the fair values of these financial assets and financial liabilities:

(i) The fair values of financial investments measured at amortised cost relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of financial investments measured at amortised cost irrelevant to the restructuring of the Bank are determined based on the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) The fair values of subordinated bonds and tier 2 capital bonds issued are determined with reference to the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

All of the aforementioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's financial assets and financial liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

45. EVENTS AFTER THE REPORTING PERIOD

The Bank reviewed and approved the distribution of dividends on "工行優 2" and offshore USD preference shares at the meeting of the Board of Directors on 30 August 2023, planning to distribute the dividends on "工行優 2" on 25 September 2023 at the dividend rate of 4.2%(inclusive of tax, and the tax payable on dividends received by holders of domestic preference shares should be borne by them in compliance with relevant laws and regulations) and the total dividends distributed will be RMB2,940 million; and planning to distribute the dividends on offshore USD preference shares on 25 September 2023 at the dividend rate of 3.58% (post-tax, namely the actual dividend rate obtained by offshore USD preference shareholders) and the dividends distributed on offshore USD preference shares will be approximately USD115.3 million including approximately USD103.8 million to be paid to preference shareholders and approximately USD11.5 million of withholding income tax.

46. COMPARATIVE FIGURES

In accordance with the requirements of the New Insurance Contract standards and the Provisional Regulation Governing Gold Leasing Business, the Group has implemented the aforesaid requirements from 2023 onwards and adjusted certain comparative figures accordingly to conform to the current reporting period's presentation.

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 30 August 2023.

(In RMB millions, unless otherwise stated)

1. Statement of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under IFRSs and PRC GAAP for the six months ended 30 June 2023 and 30 June 2022. There are no differences between the equity attributable to equity holders of the parent company under IFRSs and PRC GAAP as at 30 June 2023 and 31 December 2022.

2. Currency concentrations

	30 June 2023			
	USD	HKD	Other	Total
Spot assets	2,355,978	580,001	1,073,288	4,009,267
Spot liabilities	(2,271,229)	(643,786)	(766,642)	(3,681,657)
Forward purchases	2,099,063	418,740	590,578	3,108,381
Forward sales	(2,299,090)	(204,363)	(908,410)	(3,411,863)
Net option position	2,056	1,451	(210)	3,297
Net (short)/long position	(113,222)	152,043	(11,396)	27,425
Net structural position	149,741	848	26,768	177,357

	31 December 2022			
	USD	HKD	Other	Total
Spot assets	2,249,216	531,400	1,079,851	3,860,467
Spot liabilities	(2,089,919)	(525,235)	(754,849)	(3,370,003)
Forward purchases	1,732,590	247,474	453,110	2,433,174
Forward sales	(2,002,155)	(96,680)	(691,849)	(2,790,684)
Net option position	14,142	1,468	(3,292)	12,318
Net (short)/long position	(96,126)	158,427	82,971	145,272
Net structural position	138,963	832	27,494	167,289

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority. 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 foreign exchange transactions. Structural assets and liabilities include:

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

(In RMB millions, unless otherwise stated)

3. Loans and advances to customers (excluding accrued interest)

(i) Overdue loans and advances to customers

	30 June 2023	31 December 2022
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	36,803	30,627
Between 6 and 12 months	40,339	48,882
Over 12 months	112,669	110,720
	189,811	190,229
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.15%	0.13%
Between 6 and 12 months	0.16%	0.21%
Over 12 months	0.44%	0.48%
	0.75%	0.82%

The definition of overdue loans and advances to customers is as follows:

Loans and advances to customers with a specific repayment date are classified as overdue when the principal or interest is overdue.

For loans and advances to customers repayable by regular instalments, if part of the instalments is overdue, the whole amount of the loans and advances would be classified as overdue.

(ii) Overdue loans and advances to customers by geographical distribution

	30 June 2023	31 December 2022
Head Office	43,388	42,383
Bohai Rim	46,702	45,934
Western China	46,994	41,139
Central China	37,326	39,140
Pearl River Delta	43,862	48,177
Yangtze River Delta	29,552	26,399
Northeastern China	22,027	25,550
Overseas and other	27,698	15,309
	297,549	284,031

(iii) Rescheduled loans and advances to customers

	30 June 2023		31 December 2022	
		% of total loans and advances to customers		% of total loans and advances to customers
Rescheduled loans and advances to customers	34,074	0.13%	26,229	0.11%
Less: Rescheduled loans and advances to customers overdue for more than three months	(3,158)	(0.01%)	(2,281)	(0.01%)
Rescheduled loans and advances to customers overdue for less than three months	30,916	0.12%	23,948	0.10%

(In RMB millions, unless otherwise stated)

4. Exposures to non-bank entities in Chinese mainland

The Bank is a commercial bank incorporated in Chinese mainland with its banking business primarily conducted in Chinese mainland. As at 30 June 2023 and 31 December 2022, substantial amounts of the Bank's exposures arose from businesses with entities or individuals in Chinese mainland. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

5. Correspondence between balance sheet in published financial statements and capital composition

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

(i) Capital composition

Items		30 June 2023	31 December 2022	Reference
Common equity tier 1 capital:				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	2,716,393	2,654,856	
2a	Surplus reserve	392,414	392,162	X21
2b	General reserve	496,678	496,406	X22
2c	Retained profits	1,827,301	1,766,288	X23
3	Accumulated other comprehensive income (and other public reserve)	145,684	127,335	
3a	Capital reserve	148,190	148,174	X19
3b	Other	(2,506)	(20,839)	X24
4	Valid portion to common equity tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5	Valid portion of minority interests	3,283	3,293	X25
6	**Common equity tier 1 capital before regulatory adjustments**	**3,221,767**	**3,141,891**	
Common equity tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,631	8,320	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	6,989	7,473	X14-X15
10	Deferred tax assets that rely on future profits excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11	Cash flow hedging reserve that relates to the hedging of items that are not fair- valued on the balance sheet	(3,214)	(2,962)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sales related to asset securitisation	–	–	
14	Unrealised gains and losses due to changes in own credit risk on fair-valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	

(In RMB millions, unless otherwise stated)

Items		30 June 2023	31 December 2022	Reference
16	Direct or indirect investments in own ordinary shares	–	–	
17	Reciprocal cross-holdings in common equity tier 1 capital between banks, or between banks and other financial institutions	–	–	
18	Deductible amount of non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	N/A	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)	–	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences (net of deferred tax liabilities)	–	–	
23	Including: Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions	–	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a	Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980	X11
26b	Shortfall in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
26c	Other that should be deducted from common equity tier 1 capital	–	–	
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	–	
28	**Total regulatory adjustments to common equity tier 1 capital**	**20,386**	**20,811**	
29	**Common equity tier 1 capital**	**3,201,381**	**3,121,080**	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premiums	354,331	354,331	
31	Including: Portion classified as equity	354,331	354,331	X28+X32
32	Including: Portion classified as liabilities	–	–	

(In RMB millions, unless otherwise stated)

Items		30 June 2023	31 December 2022	Reference
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	585	584	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	**Additional tier 1 capital before regulatory adjustments**	**354,916**	**354,915**	
Additional tier 1 capital: Regulatory adjustments				
37	Direct or indirect investments in own additional tier 1 instruments	–	–	
38	Reciprocal cross-holdings in additional tier 1 capital between banks, or between banks and other financial institutions	–	–	
39	Deductible amount of non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a	Investments in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c	Other that should be deducted from additional tier 1 capital	–	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	**Total regulatory adjustments to additional tier 1 capital**	**–**	**–**	
44	**Additional tier 1 capital**	**354,916**	**354,915**	
45	**Tier 1 capital (common equity tier 1 capital + additional tier 1 capital)**	**3,556,297**	**3,475,995**	
Tier 2 capital:				
46	Tier 2 capital instruments and related premiums	583,691	528,307	X17
47	Invalid instruments to tier 2 capital after the transition period	–	–	
48	Valid portion of minority interests	1,038	1,013	X27
49	Including: Invalid portion to tier 2 capital after the transition period	–	–	
50	Valid portion of surplus provision for loan impairment	332,970	275,764	X02+X04
51	**Tier 2 capital before regulatory adjustments**	**917,699**	**805,084**	

(In RMB millions, unless otherwise stated)

Items		30 June 2023	31 December 2022	Reference
Tier 2 capital: Regulatory adjustments				
52	Direct or indirect investments in own tier 2 instruments	–	–	
53	Reciprocal cross-holdings in tier 2 capital between banks, or between banks and other financial institutions	–	–	
54	Deductible portion of non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	X31
56a	Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56c	Other that should be deducted from tier 2 capital	–	–	
57	**Total regulatory adjustments to tier 2 capital**	**–**	**–**	
58	**Tier 2 capital**	**917,699**	**805,084**	
59	**Total capital (tier 1 capital+ tier 2 capital)**	**4,473,996**	**4,281,079**	
60	**Total risk-weighted assets**	**24,244,321**	**22,225,272**	
Requirements for capital adequacy ratio and reserve capital				
61	Common equity tier 1 capital adequacy ratio	13.20%	14.04%	
62	Tier 1 capital adequacy ratio	14.67%	15.64%	
63	Capital adequacy ratio	18.45%	19.26%	
64	Institution specific buffer requirements	4.0%	4.0%	
65	Including: Capital conservation buffer requirements	2.5%	2.5%	
66	Including: Countercyclical buffer requirements	–	–	
67	Including: G-SIB buffer requirements	1.5%	1.5%	
68	Percentage of common equity tier 1 capital meeting buffers to risk-weighted assets	8.20%	9.04%	
Domestic minima for regulatory capital				
69	Common equity tier 1 capital adequacy ratio	5.0%	5.0%	
70	Tier 1 capital adequacy ratio	6.0%	6.0%	
71	Capital adequacy ratio	8.0%	8.0%	
Amounts below the thresholds for deduction				
72	Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	197,692	176,987	X05+X07+X08+X09+X12+X29+X30
73	Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	30,017	30,838	X06+X10+X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	108,336	101,072	

(In RMB millions, unless otherwise stated)

Items		30 June 2023	31 December 2022	Reference
Valid caps of surplus provision for loan impairment in tier 2 capital				
76	Provision for loan impairment under the weighted approach	33,987	31,195	X01
77	Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	15,900	19,820	X02
78	Surplus provision for loan impairment under the internal ratings-based approach	716,368	641,029	X03
79	Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	317,070	255,944	X04
Capital instruments subject to phase-out arrangements				
80	Valid cap to common equity tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81	Excluded from common equity tier 1 capital due to cap	–	–	
82	Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83	Excluded from additional tier 1 capital due to cap	–	–	
84	Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	–	–	
85	Excluded from tier 2 capital for the current period due to cap	38,000	38,000	

(In RMB millions, unless otherwise stated)

(ii) Consolidated financial statements

	30 June 2023 Consolidated balance sheet as in published financial statements*	30 June 2023 Balance sheet under regulatory scope of consolidation*	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	3,671,553	3,671,553	3,427,892	3,427,892
Due from banks and other financial institutions	460,500	417,884	365,733	323,131
Precious metals	174,945	174,945	123,858	123,858
Placements with banks and other financial institutions	771,733	771,733	826,799	826,799
Derivative financial assets	106,575	106,575	87,205	87,205
Reverse repurchase agreements	1,693,205	1,688,838	864,122	858,304
Loans and advances to customers	24,602,095	24,601,986	22,591,676	22,591,551
Financial investments	11,255,131	11,006,508	10,533,702	10,302,218
Financial investments measured at FVTPL	813,301	692,263	747,474	637,851
Financial investments measured at FVTOCI	2,396,732	2,285,421	2,223,096	2,115,023
Financial investments measured at amortised cost	8,045,098	8,028,824	7,563,132	7,549,344
Long-term equity investments	63,552	71,532	65,790	73,858
Fixed assets	274,404	274,328	274,839	274,771
Construction in progress	24,482	24,437	17,072	17,002
Deferred tax assets	108,434	108,336	101,117	101,072
Other assets	462,997	453,835	330,341	328,398
Total assets	43,669,606	43,372,490	39,610,146	39,336,059
Liabilities				
Due to central banks	224,684	224,684	145,781	145,781
Due to banks and other financial institutions	2,442,493	2,442,493	2,664,901	2,664,901
Placements from banks and other financial institutions	608,451	608,451	522,811	522,811
Financial liabilities measured at FVTPL	61,934	61,777	64,287	64,126
Derivative financial liabilities	119,549	119,549	96,350	96,350
Repurchase agreements	692,327	685,329	574,778	573,279
Certificates of deposit	358,044	358,044	375,452	375,452
Due to customers	33,373,772	33,373,772	29,870,491	29,870,491
Employee benefits payable	44,072	43,843	49,413	49,034
Taxes payable	62,627	62,566	102,074	102,031
Debt securities issued	1,174,487	1,169,434	905,953	900,807
Deferred tax liabilities	4,217	4,133	3,950	3,706
Other liabilities	906,529	632,703	718,486	462,600
Total liabilities	40,073,186	39,786,778	36,094,727	35,831,369

(*) Prepared in accordance with PRC GAAP.

(In RMB millions, unless otherwise stated)

	30 June 2023 Consolidated balance sheet as in published financial statements*	30 June 2023 Balance sheet under regulatory scope of consolidation*	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	354,331	354,331	354,331	354,331
Preference shares	134,614	134,614	134,614	134,614
Perpetual bonds	219,717	219,717	219,717	219,717
Capital reserve	148,190	148,190	148,174	148,174
Other comprehensive income	(6,019)	(2,506)	(23,756)	(20,839)
Surplus reserve	392,739	392,414	392,487	392,162
General reserve	496,991	496,678	496,719	496,406
Retained profits	1,833,360	1,827,301	1,771,747	1,766,288
Equity attributable to equity holders of the parent company	3,575,999	3,572,815	3,496,109	3,492,929
Minority interests	20,421	12,897	19,310	11,761
Total equity	3,596,420	3,585,712	3,515,419	3,504,690

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Items	30 June 2023 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	24,601,986	
Total loans and advances to customers	25,352,341	
Less: Provision for loan impairment under the weighted approach	33,987	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	15,900	X02
Less: Provision for loan impairment under the internal ratings-based approach	716,368	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	317,070	X04
Financial investments		
Financial investments measured at FVTPL	692,263	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	57	X05
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	200	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	178	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	178,895	X08

(In RMB millions, unless otherwise stated)

Items	30 June 2023 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at FVTOCI	2,285,421	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	15,813	X09
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,685	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29
Financial investments measured at amortised cost	8,028,824	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X30
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31
Long-term equity investments	71,532	
Including: Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	2,749	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,132	X13
Other assets	453,835	
Interest receivable	2,912	
Intangible assets	21,870	X14
Including: Land use rights	14,881	X15
Other receivables	289,305	
Goodwill	8,631	X16
Long-term deferred expenses	6,560	
Repossessed assets	3,497	
Other	121,060	
Debt securities issued	1,169,434	
Including: Valid portion of tier 2 capital instruments and their premiums	583,691	X17
Share capital	356,407	X18
Other equity instruments	354,331	
Including: Preference shares	134,614	X28
Including: Perpetual bonds	219,717	X32
Capital reserve	148,190	X19

(In RMB millions, unless otherwise stated)

Items	30 June 2023 Balance sheet under regulatory scope of consolidation	Reference
Other comprehensive income	(2,506)	X24
Reserve for changes in fair value of financial assets	11,103	
Reserve for cash flow hedging	(3,210)	
Including: Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(3,214)	X20
Changes in share of other owners' equity of associates and joint ventures	(431)	
Foreign currency translation reserve	(8,510)	
Other	(1,458)	
Surplus reserve	392,414	X21
General reserve	496,678	X22
Retained profits	1,827,301	X23
Minority interests	12,897	
Including: Valid portion of common equity tier 1 capital	3,283	X25
Including: Valid portion of additional tier 1 capital	585	X26
Including: Valid portion of tier 2 capital	1,038	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/ Hong Kong SAR, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Instrument type	Common equity tier 1 capital instrument	Common equity tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 18 November 2020, in full or partial amount	The First Redemption Date is 24 September 2024, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	4.5% (dividend rate) before 23 November 2020, 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Including: If convertible, specify instrument type convertible into	N/A	N/A	Common equity tier 1 capital	Common equity tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	4620	1928018	2128021	Regulation S ISIN: XS2383421711
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	The Notes and any other non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. However, the provisions in the terms and conditions of the Notes relating to subordination of the Notes shall be governed by and construed in accordance with PRC law and regulations
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 19,687	RMB79,987	RMB69,992	RMB equivalent 39,742
Par value of instrument (in millions)	USD2,900	RMB80,000	RMB70,000	USD6,160
Accounting treatment	Other equity	Other equity	Other equity	Other equity
Original date of issuance	23 September 2020	26 July 2019	4 June 2021	24 September 2021

(In RMB millions, unless otherwise stated)

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 8 June 2026, in full or partial amount	The First Redemption Date is 24 September 2026, in full or partial amount
Including: Subsequent call dates, if applicable	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026	3.20% (interest rate) before 24 September 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Yes	No	No	No
Including: If convertible, conversion trigger(s)	Non-viability Trigger Event	N/A	N/A	N/A
Including: If convertible, fully or partially	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	N/A	N/A
Including: If convertible, conversion rate	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	Mandatory	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	Common equity tier 1 capital	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	The Bank	N/A	N/A	N/A

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Write-down feature	No	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-viability Trigger Event	Non-viability Trigger Event
Including: If write-down, full or partial	N/A	Full or partial write-down when an Additional Tier 1 Capital Trigger Event occurs; full write-down when a Tier 2 Capital Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs
Including: If write-down, permanent or temporary	N/A	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

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

Main features of regulatory capital instruments	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB29,997	RMB equivalent 8,691	RMB45,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	USD2,000	RMB45,000	RMB10,000
Accounting treatment	Other equity	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 November 2021	21 September 2015	21 March 2019	21 March 2019
Perpetual or dated	Perpetual	Dated	Dated	Dated
Including: Original maturity date	No maturity date	21 September 2025	25 March 2029	25 March 2034
Issuer call (subject to prior supervisory approval)	Yes	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 26 November 2026 in full or partial amount	N/A	25 March 2024, in full amount	25 March 2029, in full amount
Including: Subsequent call dates, if applicable	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.65% (interest rate) before 26 November 2026	4.875%	4.26%	4.51%
Including: Existence of a dividend stopper	Yes	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928011	1928012	2028041	2028049
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 April 2019	24 April 2019	22 September 2020	12 November 2020
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	26 April 2029	26 April 2034	24 September 2030	16 November 2030
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount	16 November 2025, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.40%	4.69%	4.20%	4.15%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028050	2128002	2128051	2128052
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	19 January 2021	13 December 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2035	21 January 2031	15 December 2031	15 December 2036
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	16 November 2030, in full amount	21 January 2026, in full amount	15 December 2026, in full amount	15 December 2031, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.45%	4.15%	3.48%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2228004	2228005	2228024	2228025
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Par value of instrument (in millions)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 January 2022	18 January 2022	12 April 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	20 January 2032	20 January 2037	14 April 2032	14 April 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	20 January 2027, in full amount	20 January 2032, in full amount	14 April 2027, in full amount	14 April 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.28%	3.60%	3.50%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	092280065	092280066	092280134	092280135
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 August 2022	18 August 2022	8 November 2022	8 November 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 August 2032	22 August 2037	10 November 2032	10 November 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 August 2027, in full amount	22 August 2032, in full amount	10 November 2027, in full amount	10 November 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.02%	3.32%	3.00%	3.34%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	232280007	232280008	232380015	232380016
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB25,000	RMB5,000	RMB35,000	RMB20,000
Par value of instrument (in millions)	RMB25,000	RMB5,000	RMB35,000	RMB20,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	20 December 2022	20 December 2022	10 April 2023	10 April 2023
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 December 2032	22 December 2037	12 April 2033	12 April 2038
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 December 2027, in full amount	22 December 2032, in full amount	12 April 2028, in full amount	12 April 2033, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.70%	3.85%	3.49%	3.58%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

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

(In RMB millions, unless otherwise stated)

6. Disclosure of Leverage Ratio

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

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

S/N	Items	30 June 2023	31 December 2022
1	Total consolidated assets as per published financial statements	43,669,606	39,610,146
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(297,116)	(274,087)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	115,542	97,074
5	Adjustment for securities financing transactions	42,038	39,728
6	Adjustment for off-balance sheet items	2,421,906	2,328,504
7	Other adjustments	(20,386)	(20,811)
8	Balance of adjusted on – and off-balance sheet assets	45,931,590	41,780,554

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

S/N	Items	30 June 2023	31 December 2022
1	On-balance sheet items (excluding derivatives and SFTs)	41,577,077	38,689,986
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(20,386)	(20,811)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	41,556,691	38,669,175
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	127,007	94,240
5	Add-on amounts for PFE associated with all derivatives transactions	90,878	84,921
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	(55)	(58)
9	Effective notional amount of written credit derivatives	20,625	25,369
10	Less: Adjusted effective notional deductions for written credit derivatives	(16,338)	(20,193)
11	Total derivative exposures	222,117	184,279
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,688,838	558,868
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	42,038	39,728
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	1,730,876	598,596
17	Off-balance sheet exposure at gross notional amount	7,584,969	7,056,225
18	Less: Adjustments for conversion to credit equivalent amounts	(5,163,063)	(4,727,721)
19	Balance of adjusted off-balance sheet assets	2,421,906	2,328,504
20	Net tier 1 capital	3,556,297	3,475,995
21	Balance of adjusted on-and off-balance sheet assets	45,931,590	41,780,554
22	Leverage ratio	7.74%	8.32%

(In RMB millions, unless otherwise stated)

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

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

		Second-quarter 2023	
S/N	Items	Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		7,122,201
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	16,589,999	1,655,568
3	Stable deposits	54,075	1,976
4	Less stable deposits	16,535,924	1,653,592
5	Unsecured wholesale funding, of which:	17,122,234	6,062,439
6	Operational deposits (excluding those generated from correspondent banking activities)	8,758,353	2,130,154
7	Non-operational deposits (all counterparties)	8,274,564	3,842,968
8	Unsecured debt	89,317	89,317
9	Secured funding		10,942
10	Additional requirements, of which:	3,538,850	1,470,536
11	Outflows related to derivative exposures and other collateral requirements	1,292,002	1,292,002
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,246,848	178,534
14	Other contractual funding obligations	85,498	85,473
15	Other contingent funding obligations	5,863,162	91,709
16	Total cash outflows		9,376,667
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	994,743	753,598
18	Inflows from fully performing exposures	2,241,953	1,560,285
19	Other cash inflows	1,290,315	1,288,635
20	Total cash inflows	4,527,011	3,602,518
			Total Adjusted Value
21	Total HQLA		7,122,201
22	Total net cash outflows		5,774,149
23	Liquidity coverage ratio (%)		123.42%

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

(In RMB millions, unless otherwise stated)

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

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

		30 June 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) items						
1	Capital:	3,907,794	–	–	493,691	4,401,485
2	Regulatory capital	3,907,794	–	–	493,691	4,401,485
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,214,945	10,120,311	23,146	5,793	15,633,620
5	Stable deposits	33,192	54,318	17,812	3,758	103,813
6	Less stable deposits	7,181,753	10,065,993	5,334	2,035	15,529,807
7	Wholesale funding:	8,963,381	9,773,925	810,837	197,029	9,068,897
8	Operational deposits	8,616,244	499,830	20,559	4,449	4,572,766
9	Other wholesale funding	347,137	9,274,095	790,278	192,580	4,496,131
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	15,937	955,774	177,077	834,628	841,821
12	NSFR derivative liabilities				97,283	
13	All other liabilities and equities not included in the above categories	15,937	955,774	177,077	737,345	841,821
14	Total ASF					29,945,823
Required stable funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					1,298,344
16	Deposits held at other financial institutions for operational purposes	201,948	63,949	387	1,091	134,479
17	Loans and securities:	2,633	5,935,227	3,968,605	19,607,641	20,654,278
18	Loans to financial institutions secured by Level 1 HQLA	–	997,249	35	–	148,649
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,579,144	482,418	268,168	746,248
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,896,085	3,361,193	11,853,092	13,102,503
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	728,543	628,479	327,122	874,929

(In RMB millions, unless otherwise stated)

		30 June 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
22	Residential mortgages, of which:	–	2,082	3,352	6,400,687	5,439,068
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	253	290	21,807	14,575
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,633	460,667	121,607	1,085,694	1,217,810
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	315,849	381,744	37,493	325,138	867,002
27	Physical traded commodities, including gold	30,247				25,710
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				42,364	36,009
29	NSFR derivative assets				83,831	–
30	NSFR derivative liabilities with additional variation margin posted				109,906*	21,981
31	All other assets not included in the above categories	285,602	381,744	37,493	198,943	783,302
32	Off-balance sheet items				8,701,693	226,812
33	Total RSF					23,180,915
34	Net Stable Funding Ratio (%)					129.18%

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

(In RMB millions, unless otherwise stated)

		31 March 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) items						
1	Capital:	3,887,003	–	–	528,223	4,415,226
2	Regulatory capital	3,887,003	–	–	528,223	4,415,226
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,210,204	9,759,381	22,150	5,410	15,302,899
5	Stable deposits	33,037	48,213	17,310	3,754	97,386
6	Less stable deposits	7,177,167	9,711,168	4,840	1,656	15,205,513
7	Wholesale funding:	8,696,748	8,993,686	901,255	230,975	8,747,566
8	Operational deposits	8,319,669	531,581	27,010	7,032	4,446,162
9	Other wholesale funding	377,079	8,462,105	874,245	223,943	4,301,404
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	13,315	811,337	73,286	720,925	706,983
12	NSFR derivative liabilities				63,900	
13	All other liabilities and equities not included in the above categories	13,315	811,337	73,286	657,025	706,983
14	Total ASF					29,172,674
Required stable funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					1,296,155
16	Deposits held at other financial institutions for operational purposes	213,218	54,891	409	1,017	135,545
17	Loans and securities:	706	5,429,171	3,749,900	19,088,989	20,031,484
18	Loans to financial institutions secured by Level 1 HQLA	–	627,673	33	12	93,113
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,472,340	472,673	291,257	748,445
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,960,027	3,105,523	11,221,822	12,481,776
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	633,461	643,075	309,481	824,432

(In RMB millions, unless otherwise stated)

		31 March 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
22	Residential mortgages, of which:	–	2,021	3,233	6,500,507	5,524,277
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	236	279	19,632	13,163
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	706	367,110	168,438	1,075,391	1,183,873
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	322,912	333,840	35,410	209,544	769,578
27	Physical traded commodities, including gold	41,506				35,280
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				32,846	27,919
29	NSFR derivative assets				53,591	–
30	NSFR derivative liabilities with additional variation margin posted				74,036*	14,807
31	All other assets not included in the above categories	281,406	333,840	35,410	123,107	691,572
32	Off-balance sheet items				8,325,350	220,537
33	Total RSF					22,453,299
34	Net Stable Funding Ratio (%)					129.93%

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

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