



# 2022 中期報告

INTERIM REPORT

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錦州銀行股份有限公司  
Bank of Jinzhou Co., Ltd.\*

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

Stock Code: 0416    Stock Code of Preference Shares: 4615

\* Bank of Jinzhou Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

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# DEFINITIONS

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

“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank”, “Bank of Jinzhou” or “Group”	Bank of Jinzhou Co., Ltd. (錦州銀行股份有限公司), a joint stock company incorporated in the PRC on 22 January 1997 with limited liability in accordance with PRC laws and, unless the context otherwise requires, includes its subsidiaries, branches, sub-branches and special institutions
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission, which was formed after the duty restructuring of China Banking Regulatory Commission (the “Former CBRC”) and China Insurance Regulatory Commission
“Former CBRC Liaoning Bureau”	the former China Banking Regulatory Commission Liaoning Bureau (中國銀行業監督管理委員會遼寧監管局), now renamed as China Banking and Insurance Regulatory Commission Liaoning Bureau (中國銀行保險監督管理委員會遼寧監管局)
“Chengfang Huida”	Beijing Chengfang Huida Enterprise Management Co., Ltd. (北京成方匯達企業管理有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	the ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“H Share(s)”	the ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Main Board of the Hong Kong Stock Exchange
“HK\$” or “HK dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“ICBC”	Industrial and Commercial Bank of China Limited
“Latest Practicable Date”	19 August 2022, being the latest practicable date prior to the printing of this interim report for ascertaining certain information in this interim report
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Liaoning Financial Holding”	Liaoning Financial Holding Group Co., Ltd. (遼寧金融控股集團有限公司)
“Offshore Preference Share(s)”	non-cumulative perpetual offshore preference shares for the amount of US\$1,496,000,000 with a dividend rate of 5.50% issued by the Bank on 27 October 2017 and listed on the Hong Kong Stock Exchange (stock code: 4615)
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China, for the purposes of this interim report only, refers to the territory of the People’s Republic of China, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region of the PRC
“Reporting Period”	the six months ended 30 June 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shareholder(s)” or “Ordinary Shareholder(s)”	the holder(s) of the share(s) of the Bank
“Share(s)” or “Ordinary Share(s)”	the Domestic Share(s) and the H Share(s) of the Bank, excluding the Offshore Preference Share(s)
“Supervisor(s)”	the supervisor(s) of the Bank
“US\$” or “US dollars”	the lawful currency of the United States of America

# CHAPTER 1 COMPANY PROFILE

## I. Basic Information about the Company

Legal Chinese Name and Abbreviation	:	錦州銀行股份有限公司 (abbreviated as “錦州銀行”)
Legal English Name and Abbreviation	:	BANK OF JINZHOU CO., LTD. (abbreviated as “BANK OF JINZHOU”)
Legal Representative	:	Mr. Wei Xuekun
Authorized Representatives	:	Mr. Wei Xuekun, Mr. Guo Wenfeng
Secretary to the Board of Directors	:	Mr. Yu Jun
Joint Company Secretaries	:	Mr. Yu Jun, Dr. Ngai Wai Fung
Registered and Office Address	:	No. 68 Keji Road, Jinzhou City, Liaoning Province, the PRC
Postal Code	:	121013
Telephone	:	+86-416-3220002
Fax	:	+86-416-3220003
Company Website	:	<a href="http://www.jinzhoubank.com">www.jinzhoubank.com</a>
Email Address	:	<a href="mailto:webmaster@jinzhoubank.com">webmaster@jinzhoubank.com</a>
Customer Service Hotline	:	+86-400-66-96178
Principal Place of Business in Hong Kong	:	40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Accounting Firm	:	Crowe (HK) CPA Limited
PRC Legal Advisor	:	King & Wood Mallesons
Hong Kong Legal Advisor	:	King & Wood Mallesons

Custodian of Domestic Shares	:	China Securities Depository and Clearing Corporation Limited
H Share Registrar	:	Computershare Hong Kong Investor Services Limited
Listing Place of Stock, Stock Name and Stock Code	:	H Shares: Hong Kong Stock Exchange; BANKOFJINZHOU; 0416 Offshore Preference Shares: Hong Kong Stock Exchange; BOJZ 17USDPRF; 4615
Unified Social Credit Code of Corporation	:	912107002426682145
License No. of Financial Institution	:	B0127H221070001
Website of the Hong Kong Stock Exchange where this interim report is published	:	www.hkexnews.hk
Place where the interim report is maintained	:	Office of the Board of Directors of the Bank

## II. Company Profile

Bank of Jinzhou was incorporated, with the approval of PBOC, on 22 January 1997, and is headquartered in Jinzhou City, Liaoning Province, the PRC. The Bank established 15 branches in Beijing, Tianjin, Harbin and Shenyang, Dalian, Anshan, Fushun, Benxi, Dandong, Liaoyang, Chaoyang, Fuxin, Huludao, Yingkou and Jinzhou in Liaoning Province, and promoted and established one special financial service center for small enterprises, 7 village and township banks and Bank of Jinzhou Financial Leasing Co., Ltd. (錦銀金融租賃有限責任公司). As at the end of the Reporting Period, the Bank had 236 organizations in aggregate.

The businesses scope of the Bank includes absorption of public deposit, publication of short-term, medium-term and long-term loans, domestic and overseas settlement, issue of financial bonds and inter-bank borrowing. As at the end of the Reporting Period, the Bank had registered capital of RMB13,981,615,684, total assets of RMB826,552 million, net loans and advances to customers of RMB574,787 million and balance of deposits from customers of RMB484,632 million. The H Shares of the Bank were listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0416) on 7 December 2015. On 27 October 2017, the Bank issued US\$1.496 billion of Offshore Preference Shares which were listed on the Hong Kong Stock Exchange with stock code 4615.

## III. Awards in the First Half of 2022

In January 2022, the Bank was awarded the “Excellent Underwriter” for 2021 and the “Outstanding Progress Award” as announced by the Export-Import Bank of China.

In January 2022, the Bank was awarded the “Outstanding Contribution Award for Promotion of UnionPay Credit Cards” and the “Outstanding Contribution Award for Innovation Cooperation” by China UnionPay Liaoning Branch.

In June 2022, the Jinzhou barbecue credit card of the Bank was awarded the “Overall Excellence Award in 2022” in the award-winning list of the “Excellent Credit Cards” campaign hosted by the Financial Digital Development Alliance and co-organized by China Credit Card, UPD-Consulting and China UnionPay Data.

# CHAPTER 2 FINANCIAL HIGHLIGHTS

## I. Financial Data

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June		Interim period of 2022 vs Interim period of 2021	For the year ended 31 December 2021
	2022	2021		
<b>Operating Results</b>			<b>Rate of change (%)</b>	
Interest income	18,943,721	19,124,154	(0.9)	39,297,278
Interest expense	(13,609,930)	(13,443,550)	1.2	(27,249,528)
<b>Net interest income</b>	<b>5,333,791</b>	<b>5,680,604</b>	<b>(6.1)</b>	<b>12,047,750</b>
Service charge and net commission income	216,502	291,570	(25.7)	368,398
Net trading (losses)/gains	(167,427)	184,338	(190.8)	85,094
Dividend income	–	14,248	(100.0)	16,328
Net gains arising from investment securities	162,280	8,055	1,914.6	30,335
Net foreign exchange gains	14,645	9,402	55.8	16,391
Other net operating income	550	1,951	(71.8)	3,508
<b>Operating income</b>	<b>5,560,341</b>	<b>6,190,168</b>	<b>(10.2)</b>	<b>12,567,804</b>
Operating expenses	(1,462,962)	(1,435,592)	1.9	(3,168,144)
<b>Operating profit before impairment</b>	<b>4,097,379</b>	<b>4,754,576</b>	<b>(13.8)</b>	<b>9,399,660</b>
Impairment losses on assets	(3,841,794)	(4,373,611)	(12.2)	(8,875,671)
<b>Profit before tax</b>	<b>255,585</b>	<b>380,965</b>	<b>(32.9)</b>	<b>523,989</b>
Income tax expenses	(113,186)	(194,922)	(41.9)	(421,650)
<b>Net profit</b>	<b>142,399</b>	<b>186,043</b>	<b>(23.5)</b>	<b>102,339</b>
Net profit attributable to shareholders of the parent company	266,440	429,890	(38.0)	1,272,581
<b>Calculated on a per share basis (RMB)</b>			<b>Change</b>	
Basic and diluted earnings per share	0.02	0.03	(0.01)	0.05

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30	As at 31	30 June 2022 vs 31 December 2021	As at
	June 2022	December 2021	December 2021	30 June 2021
<b>Major Indicators of Assets/Liabilities</b>			<b>Rate of change (%)</b>	
<b>Total assets</b>	<b>826,551,621</b>	849,662,002	(2.7)	828,883,541
Of which: net loans and advances to customers	574,786,656	586,322,888	(2.0)	552,589,347
<b>Total liabilities</b>	<b>755,561,749</b>	778,651,713	(3.0)	757,438,893
Of which: deposits from customers	484,632,287	476,072,906	1.8	464,320,582
Share capital	13,981,616	13,981,616	–	13,981,616
Total equity attributable to shareholders of the parent company	68,701,166	68,597,542	0.2	68,105,506
<b>Total equity</b>	<b>70,989,872</b>	71,010,289	(0.0)	71,444,648

## II. Financial Indicators

	For the six months ended 30 June		Interim period of 2022 vs interim period of 2021	For the year ended 31 December 2021
	2022	2021		
<b>Profitability Indicators (%)</b>			<b>Change</b>	
Return on average total assets <sup>(1)</sup>	0.03*	0.05*	(0.02)	0.01
Return on average equity <sup>(2)</sup>	0.91*	1.48*	(0.57)	2.19
Net interest spread <sup>(3)</sup>	1.15*	1.34*	(0.19)	1.38
Net interest margin <sup>(4)</sup>	1.36*	1.54*	(0.18)	1.60
Service charge and net commission income to operating income ratio	3.89	4.71	(0.82)	2.93
Cost-to-income ratio <sup>(5)</sup>	23.53	21.11	2.42	22.68

	As at 30 June 2022	As at 31 December 2021	30 June 2022 vs 31 December 2021	As at 30 June 2021
<b>Assets Quality Indicators (%)</b>			<b>Change</b>	
Non-performing loan ratio <sup>(6)</sup>	2.87	2.75	0.12	2.29
Provision coverage ratio <sup>(7)</sup>	177.67	166.82	10.85	193.47
Provision to loans ratio <sup>(8)</sup>	5.10	4.59	0.51	4.43
<b>Capital Adequacy Indicators (%)</b>			<b>Change</b>	
Core tier-one capital adequacy ratio <sup>(9)</sup>	8.36	8.29	0.07	8.20
Tier-one capital adequacy ratio <sup>(10)</sup>	9.84	9.73	0.11	9.62
Capital adequacy ratio	11.61	11.50	0.11	11.74
Total equity to total assets	8.59	8.36	0.23	8.62

### Notes:

- (1) Represents the net profit for the period/year as a percentage of the average balance of total assets at the beginning and the end of that period/year.
  - (2) Represents the Bank's net profit attributable to the parent company for the period/year as a percentage of the average balance of net assets attributable to holders of ordinary shares of the parent company at the beginning and the end of that period/year.
  - (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
  - (4) Calculated by dividing net interest income by average interest-earning assets, which are calculated based on the daily average of the interest-earning assets.
  - (5) Cost-to-income ratio = operating expenses (excluding tax and surcharges)/operating income.
  - (6) Non-performing loan ratio = total non-performing loans/total loans and advances to customers.
  - (7) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans.
  - (8) Provision to loans ratio = provision for impairment losses on loans/total loans and advances to customers.
  - (9) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets.
  - (10) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets.
- \* indicates annualized ratios

# CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

## I. Environment and Business Overview

In the first half of 2022, faced with a complex and severe external environment such as slower global economic growth, high inflation, and continuing geopolitical conflicts, China adhered to the holistic control over the epidemic and social and economic development, stabilized the fundamentals for economic and social development, adopted flexible, moderate and sound monetary policies, precisely increased financial support in key areas, persisted in promoting the prevention and resolution of financial risks, and continuously deepened financial reforms.

During the Reporting Period, the Bank unswervingly strengthened the party's leadership and party building, continuously leveraged the synergy between the party committee and the "Shareholders' general meetings, the Board of Directors, the Board of Supervisors and senior management" to perform their duties and cooperate closely in accordance with the law, and coordinated and carried out the duty of financial risk mitigation and supported economic and social development. The Bank adhered to the principle of maintaining stability and making steady progress, facilitated business transformation and development, and promoted the optimization of gearing structure and the improvement of management quality; it adhered to the customer-based orientation, promoted the transformation of "big retail" and "big corporate to the public", helped market players overcome the impact of the epidemic, and improved the quality and efficiency of financial services; it accelerated the sustainable development of the "big inter-bank" segment, expanded business cooperation areas, and stabilized market image; it strengthened the construction of channels, platforms and products, and promoted the in-depth development of the "double A strategy" for network finance. The Bank strengthened its risk prevention capability, improved its internal management level, and strived to realize its successful completion of the three-year plan and achieve its inherent high-quality development.

As at the end of the Reporting Period, the Bank's total assets amounted to RMB826,552 million, representing a decrease of 2.7% compared to the end of the previous year, net loans and advances to customers amounted to RMB574,787 million, representing a decrease of 2.0% compared to the end of the previous year, and the non-performing loan ratio was 2.87%; the balance of deposits from customers amounted to RMB484,632 million, representing an increase of 1.8% compared to the end of the previous year. During the Reporting Period, the Bank's operating income was RMB5,560 million, and net profit was RMB142 million.

As at the end of the Reporting Period, the Bank's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 11.61%, 9.84% and 8.36%, respectively.

## II. Analysis of the Financial Statements

### (I) Analysis of the income statement

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022	2021	Change in amount	Rate of change (%)
Interest income	18,943,721	19,124,154	(180,433)	(0.9)
Interest expense	(13,609,930)	(13,443,550)	(166,380)	1.2
<b>Net interest income</b>	<b>5,333,791</b>	<b>5,680,604</b>	<b>(346,813)</b>	<b>(6.1)</b>
Service charge and net commission income	216,502	291,570	(75,068)	(25.7)
Net trading (losses)/gains	(167,427)	184,338	(351,765)	(190.8)
Dividend income	–	14,248	(14,248)	(100.0)
Net gains arising from investment securities	162,280	8,055	154,225	1,914.6
Net foreign exchange gains	14,645	9,402	5,243	55.8
Other net operating income	550	1,951	(1,401)	(71.8)
<b>Operating income</b>	<b>5,560,341</b>	<b>6,190,168</b>	<b>(629,827)</b>	<b>(10.2)</b>
Operating expenses	(1,462,962)	(1,435,592)	(27,370)	1.9
<b>Operating profit before impairment</b>	<b>4,097,379</b>	<b>4,754,576</b>	<b>(657,197)</b>	<b>(13.8)</b>
Impairment losses on assets	(3,841,794)	(4,373,611)	531,817	(12.2)
<b>Profit before tax</b>	<b>255,585</b>	<b>380,965</b>	<b>(125,380)</b>	<b>(32.9)</b>
Income tax expenses	(113,186)	(194,922)	81,736	(41.9)
<b>Net profit</b>	<b>142,399</b>	<b>186,043</b>	<b>(43,644)</b>	<b>(23.5)</b>

During the Reporting Period, the Bank's profit before tax was RMB256 million; the net profit was RMB142 million, net interest income was RMB5,334 million, representing a decrease of RMB347 million or a decrease of 6.1% as compared to that for the six months ended 30 June 2021, primarily due to the decrease in the average yield of interest-earning assets.

### 1. Net interest income

Net interest income accounted for the largest portion of the Bank's operating income, representing 95.9% and 91.8% of operating income in the Reporting Period and for the six months ended 30 June 2021, respectively. The following table sets forth, for the periods indicated, the interest income, interest expense and net interest income of the Bank:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022	2021	Change in amount	Rate of change (%)
Interest income	18,943,721	19,124,154	(180,433)	(0.9)
Interest expense	(13,609,930)	(13,443,550)	(166,380)	1.2
<b>Net interest income</b>	<b>5,333,791</b>	<b>5,680,604</b>	<b>(346,813)</b>	<b>(6.1)</b>

The following table sets forth, for the periods indicated, the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or expense and relevant average yield on interest-earning assets or relevant average cost on interest-bearing liabilities of the Bank:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June					
	Average balance	2022 Interest income	Average yield (%)	Average balance	2021 Interest income	Average yield (%)
<b>Interest-earning Assets</b>						
Loans and advances to customers	563,123,944	15,164,752	5.39	500,840,306	14,501,492	5.79
Investment securities and other financial assets	163,211,690	3,182,296	3.90	172,648,956	3,955,932	4.58
Deposits with the central bank	41,828,703	316,654	1.51	50,064,246	382,662	1.53
Deposits with banks and other financial institutions	2,156,955	8,226	0.76	1,535,162	18,623	2.43
Loans to banks and other financial institutions	5,713,397	186,394	6.52	5,827,072	187,785	6.45
Financial assets held under resale agreements	3,934,181	34,440	1.75	1,276,134	11,620	1.82
Finance lease receivables	4,705,753	50,959	2.17	4,337,825	66,040	3.04
<b>Total interest-earning assets</b>	<b>784,674,623</b>	<b>18,943,721</b>	<b>4.83</b>	<b>736,529,701</b>	<b>19,124,154</b>	<b>5.19</b>

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June					
	2022			2021		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
<b>Interest-bearing Liabilities</b>						
Deposits from customers	473,675,910	8,950,789	3.78	439,033,504	8,350,447	3.80
Deposits from banks and other financial institutions	134,053,478	2,881,994	4.30	132,398,135	3,025,108	4.57
Borrowings from banks and other financial institutions	13,977,228	209,619	3.00	25,928,822	484,017	3.73
Financial assets sold under repurchase agreements	79,583,814	983,279	2.47	42,785,200	568,526	2.66
Debt securities payable	37,075,227	569,316	3.07	58,021,729	1,012,900	3.49
Borrowing from the central bank	1,356,646	14,933	2.20	220,641	2,552	2.31
<b>Total interest-bearing liabilities</b>	<b>739,722,303</b>	<b>13,609,930</b>	<b>3.68</b>	<b>698,388,031</b>	<b>13,443,550</b>	<b>3.85</b>
Net interest income		5,333,791			5,680,604	
<b>Net interest spread<sup>(1)</sup></b>			<b>1.15</b>			<b>1.34</b>
<b>Net interest margin<sup>(2)</sup></b>			<b>1.36</b>			<b>1.54</b>

Notes:

- (1) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (2) Calculated by dividing net interest income by the average interest-earning assets (based on the daily average of the interest-earning assets).

The following table sets forth, for the periods indicated, the changes in the Bank's interest income and interest expense attributable to changes in volume and interest rate. Changes in volume are measured by changes in the average balances of interest-earning assets and interest-bearing liabilities, and changes in interest rate are measured by the average interest rate of the interest-earning assets and interest-bearing liabilities. Effect caused jointly by changes of volume and interest rate has been allocated to changes in net interest income.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2022 vs 2021		
	Increase/(decrease) factors		
	Volume <sup>(1)</sup>	Interest rate <sup>(2)</sup>	Net increase/(decrease) <sup>(3)</sup>
<b>Interest-earning Assets</b>			
Loans and advances to customers	1,803,381	(1,140,121)	663,260
Investment securities and other financial assets	(216,238)	(557,398)	(773,636)
Deposits with the central bank	(62,948)	(3,060)	(66,008)
Deposits with banks and other financial institutions	7,543	(17,940)	(10,397)
Loans to banks and other financial institutions	(3,663)	2,272	(1,391)
Financial assets held under resale agreements	24,203	(1,383)	22,820
Finance lease receivables	5,601	(20,682)	(15,081)
<b>Changes in interest income</b>	<b>1,557,879</b>	<b>(1,738,312)</b>	<b>(180,433)</b>
<b>Interest-bearing Liabilities</b>			
Deposits from customers	658,901	(58,559)	600,342
Deposits from banks and other financial institutions	37,822	(180,936)	(143,114)
Borrowings from banks and other financial institutions	(223,102)	(51,296)	(274,398)
Financial assets sold under repurchase agreements	488,977	(74,224)	414,753
Debt securities payable	(365,668)	(77,916)	(443,584)
Borrowing from the central bank	13,139	(758)	12,381
<b>Changes in interest expense</b>	<b>610,069</b>	<b>(443,689)</b>	<b>166,380</b>
<b>Changes in net interest income</b>	<b>947,810</b>	<b>(1,294,623)</b>	<b>(346,813)</b>

Notes:

- (1) Represents the average balance for the Reporting Period minus the average balance for the previous period, multiplied by the average yield/average cost for the previous period.
- (2) Represents the average yield/average cost for the Reporting Period minus the average yield/average cost for the previous period, multiplied by the average balance for the Reporting Period.
- (3) Represents interest income or expense for the Reporting Period minus interest income or expense for the previous period.

## 2. Interest income

The following table sets forth, for the periods indicated, the breakdown of the Bank's interest income:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022		2021	
	Amount	% of total	Amount	% of total
Loans and advances to customers				
Corporate loans and advances	14,329,002	75.7	13,935,911	72.8
Personal loans	208,273	1.1	227,458	1.2
Discounted bills	627,477	3.3	338,123	1.8
<b>Subtotal</b>	<b>15,164,752</b>	<b>80.1</b>	<b>14,501,492</b>	<b>75.8</b>
Investment securities and other financial assets	3,182,296	16.7	3,955,932	20.7
Deposits with the central bank	316,654	1.7	382,662	2.0
Deposits with banks and other financial institutions	8,226	0.0	18,623	0.1
Loans to banks and other financial institutions	186,394	1.0	187,785	1.0
Financial assets held under resale agreements	34,440	0.2	11,620	0.1
Finance lease receivables	50,959	0.3	66,040	0.3
<b>Total</b>	<b>18,943,721</b>	<b>100.0</b>	<b>19,124,154</b>	<b>100.0</b>

The Bank's interest income decreased by 0.9% to RMB18,943,721 thousand in the Reporting Period from RMB19,124,154 thousand for the six months ended 30 June 2021, mainly attributable to the decrease in the average yield of interest-earning assets.

**(1) Interest income from loans and advances to customers**

Interest income from loans and advances to customers was a large component of the Bank's interest income, representing 80.1% and 75.8% of the Bank's interest income in the Reporting Period and for the six months ended 30 June 2021, respectively. The following table sets forth, for the periods indicated, the average balance, relevant interest income and average yield for loans and advances to customers:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June					
	Average balance	2022 Interest income	Average yield (%)	Average balance	2021 Interest income	Average yield (%)
Corporate loans and advances	490,146,551	14,329,002	5.85	466,403,033	13,935,911	5.98
Personal loans	10,552,830	208,273	3.95	10,108,915	227,458	4.50
Discounted bills	62,424,563	627,477	2.01	24,328,358	338,123	2.78
<b>Total</b>	<b>563,123,944</b>	<b>15,164,752</b>	<b>5.39</b>	<b>500,840,306</b>	<b>14,501,492</b>	<b>5.79</b>

Interest income from loans and advances to customers increased by 4.6% from RMB14,501,492 thousand for the six months ended 30 June 2021 to RMB15,164,752 thousand for the Reporting Period, primarily due to the increase in interest income resulting from the increase in the average balance of loans and advances to customers, partially offset by the decrease in interest income resulting from the decrease in the average yield. The average balance of loans and advances to customers increased by 12.4% from RMB500,840,306 thousand for the six months ended 30 June 2021 to RMB563,123,944 thousand during the Reporting Period, primarily because (i) the average balance of the discounted bills business increased; and (ii) the Bank reclassified the business type of a portion of beneficiary rights transfer plan measured at amortized cost to loans. The average yield of loans and advances to customers decreased from 5.79% for the six months ended 30 June 2021 to 5.39% during the Reporting Period, primarily due to the decrease in the percentage of corporate loans and advances business with higher yield and high risk and the increase in the percentage of the discounted bills business with lower yield and low risk.

**(2) Interest income from investment securities and other financial assets**

Interest income from investment securities and other financial assets decreased by 19.6% to RMB3,182,296 thousand in the Reporting Period from RMB3,955,932 thousand for the six months ended 30 June 2021, primarily due to the decrease in the average yield and average balance of investment securities and other financial assets. The average balance of investment securities and other financial assets decreased by 5.5% from RMB172,648,956 thousand for the six months ended 30 June 2021 to RMB163,211,690 thousand during the Reporting Period, mainly because the Bank reclassified the business type of a portion of beneficiary rights transfer plan measured at amortized cost to loans. The average yield decreased from 4.58% for the six months ended 30 June 2021 to 3.90% during the Reporting Period, primarily due to the decrease in the size of the beneficiary rights transfer plan measured at amortized cost with higher yield, and the increase in the size of high-quality current assets such as debt investments with lower yield.

**(3) Interest income from deposits with the central bank**

Interest income from deposits with the central bank decreased by 17.2% to RMB316,654 thousand in the Reporting Period from RMB382,662 thousand for the six months ended 30 June 2021, mainly due to the decrease in the average balance of deposits with the central bank. The average balance of deposits with the central bank decreased by 16.4 % from RMB50,064,246 thousand for the six months ended 30 June 2021 to RMB41,828,703 thousand for the Reporting Period, mainly due to the cuts to deposit reserve ratios by the PBOC. The average yield decreased from 1.53% for the six months ended 30 June 2021 to 1.51% during the Reporting Period.

**(4) Interest income from deposits with banks and other financial institutions**

Interest income from deposits with banks and other financial institutions decreased by 55.8% to RMB8,226 thousand in the Reporting Period from RMB18,623 thousand for the six months ended 30 June 2021, primarily due to the decline in average yield of deposits with banks and other financial institutions. The average balance of the deposits with banks and other financial institutions increased by 40.5% to RMB2,156,955 thousand in the Reporting Period from RMB1,535,162 thousand for the six months ended 30 June 2021, primarily due to the increase in deposits with banks and other financial institutions in light of the need to balance liquidity and returns management of the Bank. The average yield of deposits with banks and other financial institutions decreased from 2.43% for the six months ended 30 June 2021 to 0.76% during the Reporting Period, primarily due to (i) the increase in the proportion of inter-bank demand deposits with lower yield; and (ii) the decline in market interest rates during the Reporting Period.

**(5) Interest income from loans to banks and other financial institutions**

Interest income from loans to banks and other financial institutions decreased by 0.7% to RMB186,394 thousand in the Reporting Period from RMB187,785 thousand for the six months ended 30 June 2021, primarily due to the decrease in the average balance of loans to banks and other financial institutions business. The average balance of loans to banks and other financial institutions decreased by 2.0% to RMB5,713,397 thousand in the Reporting Period from RMB5,827,072 thousand for the six months ended 30 June 2021. The average yield of loans to banks and other financial institutions increased to 6.52% in the Reporting Period from 6.45% for the six months ended 30 June 2021, mainly due to the increase in the proportion of the RMB lending business with higher yield.

**(6) Interest income from financial assets held under resale agreements**

Interest income from financial assets held under resale agreements increased by 196.4% to RMB34,440 thousand in the Reporting Period from RMB11,620 thousand for the six months ended 30 June 2021, primarily due to the increase in the average balance of financial assets held under resale agreements. The average balance of financial assets held under resale agreements increased by 208.3% to RMB3,934,181 thousand in the Reporting Period from RMB1,276,134 thousand for the six months ended 30 June 2021, primarily due to the increase in the size of financial assets held under resale agreements in light of the need to balance liquidity and management of return of the Bank. The average yield decreased from 1.82% for the six months ended 30 June 2021 to 1.75% in the Reporting Period, primarily due to the decline in market interest rates during the Reporting Period.

**(7) Interest income from finance lease receivables**

Interest income from finance lease receivables decreased by 22.8% to RMB50,959 thousand for the Reporting Period from RMB66,040 thousand for the six months ended 30 June 2021, mainly attributable to the decrease in the average yield of finance lease receivables. The average balance of finance lease receivables increased by 8.5% to RMB4,705,753 thousand for the Reporting Period from RMB4,337,825 thousand for the six months ended 30 June 2021, mainly due to the increase in leasing assets under sale and lease-back agreements. The average yield decreased from 3.04% for the six months ended 30 June 2021 to 2.17% for the Reporting Period, primarily due to the decrease in interest income from finance lease receivables recognised during the Reporting Period as a result of the decline in the quality of assets in the existing finance lease business.

**3. Interest expense**

The following table sets forth, for the periods indicated, the principal components of the Bank's interest expense:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022		2021	
	Amount	% of total	Amount	% of total
Deposits from customers	8,950,789	65.8	8,350,447	62.1
Deposits from banks and other financial institutions	2,881,994	21.2	3,025,108	22.5
Borrowings from banks and other financial institutions	209,619	1.5	484,017	3.6
Financial assets sold under repurchase agreements	983,279	7.2	568,526	4.2
Debt securities payable	569,316	4.2	1,012,900	7.6
Borrowing from the central bank	14,933	0.1	2,552	0.0
<b>Total</b>	<b>13,609,930</b>	<b>100.0</b>	<b>13,443,550</b>	<b>100.0</b>

Interest expense increased by 1.2% to RMB13,609,930 thousand for the Reporting Period from RMB13,443,550 thousand for the six months ended 30 June 2021, mainly due to the increase in the average balance of interest-bearing liabilities.

**(1) Interest expense on deposits from customers**

The following table sets forth the average balance, interest expense and average cost for each component of the Bank's deposits from customers:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June					
	2022			2021		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
<b>Corporate deposits</b>						
Demand	37,999,176	349,999	1.84	40,887,696	313,827	1.54
Time	47,587,638	756,149	3.18	57,179,204	915,448	3.20
<b>Subtotal</b>	<b>85,586,814</b>	<b>1,106,148</b>	<b>2.58</b>	<b>98,066,900</b>	<b>1,229,275</b>	<b>2.51</b>
<b>Personal deposits</b>						
Demand	17,632,255	62,403	0.71	19,504,241	143,621	1.47
Time	370,456,841	7,782,238	4.20	321,462,363	6,977,551	4.34
<b>Subtotal</b>	<b>388,089,096</b>	<b>7,844,641</b>	<b>4.04</b>	<b>340,966,604</b>	<b>7,121,172</b>	<b>4.18</b>
<b>Total deposits from customers</b>	<b>473,675,910</b>	<b>8,950,789</b>	<b>3.78</b>	<b>439,033,504</b>	<b>8,350,447</b>	<b>3.80</b>

Interest expense on deposits from customers increased by 7.2% to RMB8,950,789 thousand in the Reporting Period from RMB8,350,447 thousand for the six months ended 30 June 2021, primarily due to the increase in the average balance of deposits from customers. The average balance of the deposits from customers increased by 7.9% to RMB473,675,910 thousand in the Reporting Period from RMB439,033,504 thousand for the six months ended 30 June 2021, mainly because the Bank accelerated the transformation of the retail business, improved the product system, and enhanced the channel construction, which increased the average balance of personal deposits. The average cost of deposits from customers decreased from 3.80% for the six months ended 30 June 2021 to 3.78% in the Reporting Period, mainly because the Bank enhanced its self-disciplined management on pricing for deposits and took the initiative to adjust the maturity structure of deposits.

**(2) Interest expense on deposits from banks and other financial institutions**

Interest expense on deposits from banks and other financial institutions decreased by 4.7% to RMB2,881,994 thousand in the Reporting Period from RMB3,025,108 thousand for the six months ended 30 June 2021, primarily due to the decrease in the average cost of deposits from banks and other financial institutions. The average balance of deposits from banks and other financial institutions increased by 1.3% to RMB134,053,478 thousand in the Reporting Period as compared to RMB132,398,135 thousand for the six months ended 30 June 2021. The average cost of deposits from banks and other financial institutions decreased from 4.57% for the six months ended 30 June 2021 to 4.30% in the Reporting Period, mainly attributable to the decline in market interest rates during the Reporting Period.

**(3) Interest expense on borrowings from banks and other financial institutions**

Interest expense on borrowings from banks and other financial institutions decreased by 56.7% to RMB209,619 thousand in the Reporting Period from RMB484,017 thousand for the six months ended 30 June 2021, primarily due to the decrease in the average balance of borrowings from banks and other financial institutions and the average cost. The average balance of borrowings from banks and other financial institutions decreased by 46.1% to RMB13,977,228 thousand in the Reporting Period from RMB25,928,822 thousand for the six months ended 30 June 2021, mainly due to the decrease in the size of borrowings from banks and other financial institutions with higher financing costs as a result of balancing liquidity and income management by the Bank. The average cost of borrowings from banks and other financial institutions decreased from 3.73% for the six months ended 30 June 2021 to 3.00% in the Reporting Period, which was primarily due to the decline in market interest rates during the Reporting Period.

**(4) Interest expense on financial assets sold under repurchase agreements**

Interest expense on financial assets sold under repurchase agreements increased by 73.0% to RMB983,279 thousand in the Reporting Period from RMB568,526 thousand for the six months ended 30 June 2021, primarily due to the increase in the average balance of financial assets sold under repurchase agreements. The average balance of financial assets sold under repurchase agreements increased by 86.0% to RMB79,583,814 thousand in the Reporting Period from RMB42,785,200 thousand for the six months ended 30 June 2021, mainly due to the increase in financial assets sold under repurchase agreements in light of the need to balance liquidity and returns management of the Bank. The average cost of financial assets sold under repurchase agreements decreased from 2.66% for the six months ended 30 June 2021 to 2.47% in the Reporting Period, which was primarily due to the decline in market interest rates during the Reporting Period.

**(5) Interest expense on debt securities payable**

Interest expense on debt securities payable decreased by 43.8% from RMB1,012,900 thousand for the six months ended 30 June 2021 to RMB569,316 thousand in the Reporting Period, primarily due to the decrease in average balance and average cost of debt securities payable. The average balance of debt securities payable decreased by 36.1% to RMB37,075,227 thousand in the Reporting Period from RMB58,021,729 thousand for the six months ended 30 June 2021, mainly because the Bank decreased issuance size of interbank certificates of deposit. The average cost of debt securities payable decreased to 3.07% in the Reporting Period from 3.49% for the six months ended 30 June 2021, primarily due to the decrease in average cost of interbank certificates of deposit.

**(6) Interest expense on borrowing from the central bank**

Interest expense on borrowing from the central bank increased by 485.1% from RMB2,552 thousand for the six months ended 30 June 2021 to RMB14,933 thousand in the Reporting Period, mainly attributable to the increase in the average balance of borrowing from the central bank. The average balance of borrowing from the central bank increased by 514.9% to RMB1,356,646 thousand in the Reporting Period from RMB220,641 thousand for the six months ended 30 June 2021, mainly because the Bank supported the development of small and micro enterprises and private enterprises, and the Bank obtained funding from PBOC for re-loans in support of agriculture and micro and small enterprises. The average cost of borrowing from the central bank decreased to 2.20% in the Reporting Period from 2.31% for the six months ended 30 June 2021, primarily because (i) the PBOC lowered the interest rate on re-loans in support of agriculture and micro and small enterprises; and (ii) the proportion of the re-loans in support of agriculture and micro and small enterprises with lower interest payment rate increased.

**4. Net interest spread and net interest margin**

Net interest spread is the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities of the Bank. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

The net interest spread of the Bank decreased to 1.15% in the Reporting Period from 1.34% for the six months ended 30 June 2021 and the net interest margin of the Bank decreased to 1.36% in the Reporting Period from 1.54% for the six months ended 30 June 2021, primarily due to the decrease in the average yield on interest-earning assets.

## 5. Non-interest income

## (1) Service charge and net commission income

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022	2021	Change in amount	Rate of change (%)
<b>Service charge and commission income</b>				
Agency service charge	18,674	65,549	(46,875)	(71.5)
Settlement and clearing service charge	50,372	52,994	(2,622)	(4.9)
Wealth management service charge	79,572	135,499	(55,927)	(41.3)
Underwriting and advisory service charge	54,289	28,946	25,343	87.6
Bank card service charge	20,438	18,032	2,406	13.3
Others	17,601	12,679	4,922	38.8
<b>Subtotal</b>	<b>240,946</b>	<b>313,699</b>	<b>(72,753)</b>	<b>(23.2)</b>
<b>Service charge and commission expense</b>				
Settlement and clearing service charge	7,705	11,290	(3,585)	(31.8)
Others	16,739	10,839	5,900	54.4
<b>Subtotal</b>	<b>24,444</b>	<b>22,129</b>	<b>2,315</b>	<b>10.5</b>
<b>Service charge and net commission income</b>	<b>216,502</b>	<b>291,570</b>	<b>(75,068)</b>	<b>(25.7)</b>

Service charge and commission income decreased by 23.2% to RMB240,946 thousand in the Reporting Period from RMB313,699 thousand for the six months ended 30 June 2021, mainly because (i) during the Reporting Period, in compliance with the requirements under the new rules for asset management, the Bank achieved its operation on a net basis for wealth management products, and was no longer entitled to the excess income on expected return wealth management products; and (ii) the Bank implemented various policies on financial service charge, and increased the preferential reduction and exemption of financial fees for enterprises in the industry temporarily in distress due to the epidemic. Underwriting and advisory service charge increased by 87.6% to RMB54,289 thousand in the Reporting Period from RMB28,946 thousand for the six months ended 30 June 2021, primarily due to (i) the increase in service charge from bond transaction resulted from the increase in bonds underwritten by the Bank; and (ii) the increase in service charge from financial advisory resulted from the Bank's acceleration in business transformation and the development of brokerage business to accommodate diversified financial demand of customers.

Service charge and commission expense consists primarily of expenses paid to third parties in connection with the Bank's settlement and clearance, trade financing, bank card, agency and consultancy businesses. The Bank's service charge and commission expense increased by 10.5% to RMB24,444 thousand in the Reporting Period from RMB22,129 thousand for the six months ended 30 June 2021.

**(2) Net trading (losses)/gains**

Net trading (losses)/gains primarily comprises of net losses or gains from financial assets and liabilities at fair value through profit or loss. During the Reporting Period, the Bank incurred a net trading loss of RMB167,427 thousand and incurred a net trading gain of RMB184,338 thousand during the six months ended 30 June 2021, which was primarily due to the re-evaluation and the decrease in the size of the Bank's financial assets at fair value through profit or loss.

**(3) Dividend income**

During the Reporting Period, no dividends had been declared for the equity investment subjects held by the Bank.

**(4) Net gains from investment securities**

Net gains from investment securities increased by 1,914.6% to RMB162,280 thousand during the Reporting Period from RMB8,055 thousand for the six months ended 30 June 2021, primarily because the Bank enhanced investment strategy research and execution, captured the market opportunities and increased the transaction volume and gains of investment securities.

**(5) Net foreign exchange gains**

Net foreign exchange gains increased by 55.8% to RMB14,645 thousand in the Reporting Period from RMB9,402 thousand for the six months ended 30 June 2021, primarily due to foreign exchange exposures and changes in exchange rates.

**(6) Other net operating income**

Other net operating income decreased by 71.8% to RMB550 thousand in the Reporting Period from RMB1,951 thousand for the six months ended 30 June 2021.

## 6. Operating expenses

During the Reporting Period, the Bank's operating expenses was RMB1,462,962 thousand, representing an increase of RMB27,370 thousand or 1.9% as compared with that for the six months ended 30 June 2021.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022	2021	Change in amount	Rate of change (%)
Staff costs	694,953	795,980	(101,027)	(12.7)
General and administrative expenses	366,875	245,609	121,266	49.4
Depreciation and amortization	242,871	264,583	(21,712)	(8.2)
Tax and surcharges	154,826	129,006	25,820	20.0
Others	3,437	414	3,023	730.2
<b>Total operating expenses</b>	<b>1,462,962</b>	<b>1,435,592</b>	<b>27,370</b>	<b>1.9</b>

### (1) Staff costs

The following table sets forth, for the periods indicated, the principal components of the Bank's staff costs:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022	2021	Change in amount	Rate of change (%)
Salaries and bonuses	479,450	572,914	(93,464)	(16.3)
Social insurance	107,631	108,758	(1,127)	(1.0)
Housing allowances	59,942	61,846	(1,904)	(3.1)
Staff welfares	26,502	26,240	262	1.0
Supplementary retirement benefit	2,337	2,104	233	11.1
Other long-term staff welfare	1,146	1,317	(171)	(13.0)
Others	17,945	22,801	(4,856)	(21.3)
<b>Total staff costs</b>	<b>694,953</b>	<b>795,980</b>	<b>(101,027)</b>	<b>(12.7)</b>

During the Reporting Period, the Bank's staff costs was RMB694,953 thousand, representing a decrease of RMB101,027 thousand or 12.7% as compared with that for the six months ended 30 June 2021, primarily because during the Reporting Period, the Bank implemented remuneration reform policies, optimized salary distribution and performance appraisal mechanism, resulting in a decrease in cost on employees as compared to that of the corresponding period.

### (2) General and administrative expenses

General and administrative expenses increase by 49.4% to RMB366,875 thousand in the Reporting Period as compared to RMB245,609 thousand for the six months ended 30 June 2021, mainly due to the increase in supervision fee of the Bank as a result of the regulatory fee policy adjustment.

**(3) Depreciation and amortization**

Depreciation and amortization decreased by 8.2% to RMB242,871 thousand in the Reporting Period from RMB264,583 thousand for the six months ended 30 June 2021. The decrease in depreciation and amortization was primarily due to the decrease in corresponding depreciation expenses resulting from the decrease in the size of the right-of-use assets as the Bank enhanced management on right-of-use assets.

**(4) Tax and surcharges**

Tax and surcharges increase by 20.0% to RMB154,826 thousand in the Reporting Period from RMB129,006 thousand for the six months ended 30 June 2021, primarily attributable to the increase in surcharges of value-added tax.

**(5) Others**

Other operating expense increased by 730.2% to RMB3,437 thousand in the Reporting Period from RMB414 thousand for the six months ended 30 June 2021.

**7. Impairment losses on assets**

The following table sets forth, for the periods indicated, the principal components of the Bank's impairment losses on assets:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June	
	2022	2021
Loans and advances to customers	4,238,790	4,353,228
Deposits and loans to banks and other financial institutions	(211,234)	184,828
Financial assets at fair value through other comprehensive income	53,726	28,813
Financial assets measured at amortized cost	(171,839)	(657,495)
Finance lease receivables	22,777	428,814
Credit commitments	(106,797)	(14,607)
Other assets	16,371	50,030
<b>Total</b>	<b>3,841,794</b>	<b>4,373,611</b>

Impairment losses on assets decreased by 12.2% to RMB3,841,794 thousand in the Reporting Period from RMB4,373,611 thousand for the six months ended 30 June 2021.

**8. Income tax expenses**

Income tax expenses decreased by 41.9% to RMB113,186 thousand in the Reporting Period from RMB194,922 thousand for the six months ended 30 June 2021.

**(II) Analysis of the statement of financial position****1. Assets**

As at the end of the Reporting Period, the total assets of the Bank was RMB826,551,621 thousand, representing a decrease of 2.7% as compared to RMB849,662,002 thousand as at 31 December 2021. The principal components of the Bank's assets were (i) loans and advances to customers; (ii) investment securities and other financial assets; and (iii) cash and deposits with the central bank, accounting for 69.5%, 20.3% and 4.8%, respectively, of the Bank's total assets as at the end of the Reporting Period. The table below sets forth balances of the principal components of the Bank's total assets as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
<b>Assets</b>				
Total loans and advances to customers	565,214,542	68.4	576,906,562	67.9
Interest receivable on loans and advances to customers	38,381,189	4.6	35,895,690	4.2
Provision of impairment losses on loans and advances to customers	(28,809,075)	(3.5)	(26,479,364)	(3.1)
Net loans and advances to customers	574,786,656	69.5	586,322,888	69.0
Net investment securities and other financial assets <sup>(1)</sup>	167,406,462	20.3	168,411,876	19.8
Cash and deposits with the central bank	39,894,575	4.8	49,105,274	5.8
Deposits with banks and other financial institutions	13,029,422	1.6	10,359,233	1.2
Financial assets held under resale agreements	1,562,739	0.2	4,905,630	0.6
Loans to banks and other financial institutions	5,234,448	0.6	5,547,196	0.7
Finance lease receivables	2,188,330	0.3	2,515,169	0.3
Other assets <sup>(2)</sup>	22,448,989	2.7	22,494,736	2.6
<b>Total assets</b>	<b>826,551,621</b>	<b>100.0</b>	<b>849,662,002</b>	<b>100.0</b>

Notes:

- (1) Includes the financial assets at fair value through profit of loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost.
- (2) Includes property and equipment, deferred tax assets, derivative financial assets, right-of-use assets and others.

**(1) Loans and advances to customers**

As at the end of the Reporting Period, the Bank's total loans and advances to customers was RMB565,214,542 thousand, representing a decrease of 2.0% as compared to that as at 31 December 2021. Total loans and advances to customers accounted for 68.4% of the total assets, representing an increase of 0.5 percentage point as compared to that as at 31 December 2021.

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Corporate loans and advances	491,085,906	86.9	498,582,405	86.4
Personal loans	10,948,776	1.9	11,509,283	2.0
Discounted bills	63,179,860	11.2	66,814,874	11.6
<b>Total loans and advances to customers</b>	<b>565,214,542</b>	<b>100.0</b>	<b>576,906,562</b>	<b>100.0</b>

The Bank's total loans and advances to customers primarily comprises of corporate loans and advances, personal loans and discounted bills. Corporate loans and advances is the largest component of the Bank's loan portfolio. As at the end of the Reporting Period and as at 31 December 2021, the Bank's corporate loans and advances amounted to RMB491,085,906 thousand and RMB498,582,405 thousand, respectively, accounting for 86.9% and 86.4% of the Bank's total loans and advances to customers, respectively.

The Bank's corporate loans and advances decreased by 1.5% from RMB498,582,405 thousand as at 31 December 2021 to RMB491,085,906 thousand as at the end of the Reporting Period. As at the end of the Reporting Period, the balance of discounted bills amounted to RMB63,179,860 thousand, representing a decrease of RMB3,635,014 thousand or 5.4% as compared to that as at 31 December 2021. The Bank's personal loans mainly comprise of personal business loans, residential and commercial properties mortgage loans, personal consumption loans, credit card overdrafts and other personal loans. As at the end of the Reporting Period, the balance of personal loans amounted to RMB10,948,776 thousand, accounting for 1.9% of the Bank's total loans and advances to customers, representing a decrease of RMB560,507 thousand or 4.9% as compared to that as at 31 December 2021.

**A. Loans classified by collateral types**

As at the end of the Reporting Period and as at 31 December 2021, collateralized loans, pledged loans or guaranteed loans represented, in aggregate, 85.4% and 85.5%, respectively, of the total loans and advances to customers. If a loan is secured by more than one form of security interest, the entire amount of such loan will be allocated to the category representing the primary form of security interest. The table below sets forth the distribution of the Bank's loans and advances to customers by the type of collateral as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Unsecured loans	82,593,301	14.6	83,558,097	14.5
Guaranteed loans	189,229,925	33.5	226,272,420	39.2
Collateralized loans	200,276,620	35.4	197,852,182	34.3
Pledged loans	93,114,696	16.5	69,223,863	12.0
<b>Total loans and advances to customers</b>	<b>565,214,542</b>	<b>100.0</b>	<b>576,906,562</b>	<b>100.0</b>

As at the end of the Reporting Period, the balance of the Bank's loans secured by mortgages and pledges amounted to RMB293,391,316 thousand (accounting for 51.9% of the total loans and advances to customers), representing an increase of RMB26,315,271 thousand or 5.6 percentage points as compared to that as at 31 December 2021. The balance of unsecured and guaranteed loans was RMB271,823,226 thousand (accounting for 48.1% of the total loans and advances to customers), representing a decrease of RMB38,007,291 thousand or 5.6 percentage points as compared to that as at 31 December 2021, mainly due to the Bank's strengthening of credit risk management and adjusting its structure of credit business to increase the proportion of collateralized and pledged loans and reduce the proportion of guaranteed loans.

**B. Movements of provision for impairment losses on loans and advances to customers**

- (i) Changes of provision for impairment losses on loans and advances to customers measured at amortized cost for the Reporting Period are as follows:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2022			Total
	ECL over the next 12 months	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	
As at 1 January 2022	(9,460,671)	(6,911,183)	(10,107,510)	(26,479,364)
Transferred				
– to expected credit loss (“ECL”) over the next 12 months	(1,652)	1,648	4	–
– to lifetime ECL – not credit-impaired	71,537	(75,679)	4,142	–
– to lifetime ECL – credit-impaired	17,566	532,793	(550,359)	–
Net charge for the period	(1,463,696)	(1,053,723)	(1,721,371)	(4,238,790)
Write-offs	–	–	1,909,079	1,909,079
<b>As at 30 June 2022</b>	<b>(10,836,916)</b>	<b>(7,506,144)</b>	<b>(10,466,015)</b>	<b>(28,809,075)</b>

- (ii) Changes of provision for impairment losses on loans and advances to customers at fair value through other comprehensive income for the Reporting Period are as follows:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2022			Total
	ECL over the next 12 months	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	
<b>As at 30 June 2022 and 31 December 2021</b>	<b>(19,210)</b>	<b>–</b>	<b>–</b>	<b>(19,210)</b>

- (iii) Changes of provision for impairment losses on loans and advances to customers measured at amortized cost for the year ended 31 December 2021 are as follows:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2021			Total
	ECL over the next 12 months	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	
As at 1 January 2021	(11,873,361)	(3,157,902)	(5,402,136)	(20,433,399)
Transferred				
– to expected credit loss over the next 12 months	(726,619)	726,489	130	–
– to lifetime ECL – not credit-impaired	1,031,033	(1,091,940)	60,907	–
– to lifetime ECL – credit-impaired	44,159	267,663	(311,822)	–
Net (charge)/release for the year	2,033,247	(3,666,726)	(5,006,298)	(6,639,777)
Write-offs	30,870	11,233	551,709	593,812
<b>As at 31 December 2021</b>	<b>(9,460,671)</b>	<b>(6,911,183)</b>	<b>(10,107,510)</b>	<b>(26,479,364)</b>

- (iv) Changes of provision for impairment losses on loans and advances to customers at fair value through other comprehensive income for the year ended 31 December 2021 are as follows:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the year ended 31 December 2021			Total
	ECL over the next 12 months	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	
As at 1 January 2021	(6,071)	–	–	(6,071)
Net charge for the year	(13,139)	–	–	(13,139)
<b>As at 31 December 2021</b>	<b>(19,210)</b>	<b>–</b>	<b>–</b>	<b>(19,210)</b>

Provision for impairment losses on loans and advances to customers increased by 8.8% from RMB26,498,574 thousand as at 31 December 2020 to RMB28,828,285 thousand as at the end of the Reporting Period, primarily because the Bank made provision for impairment losses on loans and advances to enhance its risk resilience in response to the increase in outstanding balances of non-performing loans and ECL.

**(2) Investment securities and other financial assets**

Investment securities and other financial assets consists of debt investments, equity investments and financial assets measured at amortized cost. As at the end of the Reporting Period and as at 31 December 2021, the Bank had net investment securities and other financial assets of RMB167,406,462 thousand and RMB168,411,876 thousand, accounting for 20.3% and 19.8% of the Bank's total assets, respectively.

The following table sets out the composition of investment securities and other financial assets (interests receivable not included) as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
<b>Debt investments</b>	<b>150,621,131</b>	<b>93.2</b>	151,948,203	93.1
Financial assets at fair value through profit or loss	13,937,020	8.6	16,240,438	10.0
Financial assets at fair value through other comprehensive income	48,914,121	30.3	57,154,131	35.0
Financial assets measured at amortized cost	87,786,561	54.3	78,567,475	48.1
Provision for impairment losses on debt investments	(16,571)	0.0	(13,841)	0.0
<b>Equity investments</b>	<b>1,307,194</b>	<b>0.8</b>	1,328,688	0.8
Financial assets at fair value through other comprehensive income	1,307,194	0.8	1,328,688	0.8
<b>Financial assets measured at amortized cost (other than debt investments)</b>	<b>9,686,067</b>	<b>6.0</b>	9,952,502	6.1
Beneficial interest transfer plans	14,225,880	8.8	14,666,380	9.0
Provision for impairment losses on financial assets measured at amortized cost (other than debt investments)	(4,539,813)	(2.8)	(4,713,878)	(2.9)
<b>Net investments</b>	<b>161,614,392</b>	<b>100.0</b>	163,229,393	100.0

As at the end of the Reporting Period, the Bank's net investment securities and other financial assets (interests receivable not included) amounted to RMB161,614,392 thousand, representing a decrease of 1.0% from RMB163,229,393 thousand as at 31 December 2021.

## 2. Liabilities

As at the end of the Reporting Period and as at 31 December 2021, the Bank's total liabilities amounted to RMB755,561,749 thousand and RMB778,651,713 thousand, respectively. The Bank's liabilities mainly comprise of (i) deposits from customers; (ii) deposits from banks and other financial institutions; and (iii) financial assets sold under repurchase agreements, accounting for 64.0%, 17.6% and 10.9%, respectively of the Bank's total liabilities as at the end of the Reporting Period.

The following table sets forth the compositions of the Bank's total liabilities as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Deposits from customers	484,632,287	64.0	476,072,906	61.2
Deposits from banks and other financial institutions	132,673,234	17.6	137,348,637	17.6
Financial assets sold under repurchase agreements	82,025,037	10.9	107,181,604	13.8
Debt securities payable	36,091,538	4.8	35,297,113	4.5
Borrowings from banks and other financial institutions	14,932,059	2.0	17,315,110	2.2
Other liabilities <sup>(1)</sup>	5,207,594	0.7	5,436,343	0.7
<b>Total</b>	<b>755,561,749</b>	<b>100.0</b>	<b>778,651,713</b>	<b>100.0</b>

Note:

- (1) Includes borrowing from the central bank, derivative financial liabilities, accrued staff costs, taxes payable, lease liabilities, provisions and other liabilities.

**(1) Deposits from customers**

The Bank provides demand and time deposit products for corporate and personal customers. The table below sets forth deposits from customers (excluding interests payable) and product types as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
<b>Corporate deposits</b>				
Demand	37,443,491	7.9	37,223,444	8.0
Time	35,552,904	7.5	55,491,824	11.9
<b>Subtotal</b>	<b>72,996,395</b>	<b>15.4</b>	<b>92,715,268</b>	<b>19.9</b>
<b>Personal deposits</b>				
Demand	23,579,937	5.0	20,350,331	4.4
Time	377,269,040	79.6	352,137,474	75.7
<b>Subtotal</b>	<b>400,848,977</b>	<b>84.6</b>	<b>372,487,805</b>	<b>80.1</b>
<b>Total</b>	<b>473,845,372</b>	<b>100.0</b>	<b>465,203,073</b>	<b>100.0</b>

As at the end of the Reporting Period, the Bank's total deposits from customers (excluding interests payable) amounted to RMB473,845,372 thousand, representing an increase of RMB8,642,299 thousand or 1.9% as compared to that as at 31 December 2021, mainly because the Bank accelerated the transformation of the retail business, improved the product system, and enhanced the channel construction to promote the growth of personal deposits.

**(2) Deposits from banks and other financial institutions**

The counterparties of the Bank's deposits from the banks and other financial institutions mainly included domestic banks and other financial institutions. The following table sets out the composition of the counterparties of the Bank's deposits from the banks and other financial institutions (excluding interests payable) as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Deposits in Mainland China				
– Banks	19,623,032	14.9	15,183,700	11.1
– Other financial institutions	111,942,977	85.1	121,061,567	88.9
<b>Total</b>	<b>131,566,009</b>	<b>100.0</b>	<b>136,245,267</b>	<b>100.0</b>

As at the end of the Reporting Period, the Bank's total deposits from the banks and other financial institutions (excluding interest payable) amounted to RMB131,566,009 thousand, decreased by RMB4,679,258 thousand or 3.4% as compared to that as at 31 December 2021.

**(3) Debt securities payable**

Upon the approval of the Former CBRC and the PBOC, the Bank issued the tier-two capital bonds with write-down terms in an aggregate principal amount of RMB4,000 million on 26 March 2018. The bonds have a term of ten years and fixed coupon rate of 4.90% per annum. The Bank has an option to redeem such bonds wholly or partially at the nominal amount on 28 March 2023 upon the approval of relevant regulatory authorities.

As at the end of the Reporting Period and as at 31 December 2021, the Bank issued 90 and 52 tranches of RMB interbank certificates of deposit which were not matured, the balance (excluding interests payable) of which were RMB32,043 million and RMB31,150 million, respectively.

### 3. Shareholders' equity

The following table sets forth the composition of Shareholders' equity as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Share capital	13,981,616	19.7	13,981,616	19.7
Other equity instruments				
Including: offshore preference shares	9,897,363	13.9	9,897,363	13.9
Capital reserve	26,573,696	37.4	26,736,512	37.7
Surplus reserve	3,241,844	4.7	3,241,844	4.6
General reserve	12,156,776	17.1	12,156,776	17.1
Retained earnings	2,849,871	4.0	2,583,431	3.6
<b>Total equity attributable to equity shareholders of the parent company</b>	<b>68,701,166</b>	<b>96.8</b>	<b>68,597,542</b>	<b>96.6</b>
Non-controlling interests	2,288,706	3.2	2,412,747	3.4
<b>Total shareholders' equity</b>	<b>70,989,872</b>	<b>100.0</b>	<b>71,010,289</b>	<b>100.0</b>

**(III) Loan quality analysis****1. Breakdown of loans by the five-category classification**

The non-performing loans of the Bank are classified into loans and advances to customers of substandard, doubtful and loss. As at the end of the Reporting Period, the non-performing loans of the Bank amounted to RMB16,225,833 thousand. The Bank's total provision for impairment losses on loans to customers measured at amortized cost and at fair value through other comprehensive income was RMB28,828,285 thousand. The following table sets forth the distribution of the Bank's loans and advances to customers by the five-category loan classification as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Normal	474,893,844	84.0	487,691,870	84.6
Special-mention	74,094,865	13.1	73,330,280	12.7
Substandard	8,105,067	1.5	8,041,019	1.4
Doubtful	7,904,076	1.4	7,609,041	1.3
Loss	216,690	0.0	234,352	0.0
<b>Total loans and advances to customers</b>	<b>565,214,542</b>	<b>100.0</b>	<b>576,906,562</b>	<b>100.0</b>
<b>Non-performing loans</b>	<b>16,225,833</b>	<b>2.87</b>	<b>15,884,412</b>	<b>2.75</b>

As at the end of the Reporting Period and as at 31 December 2021, the non-performing loan ratios of the Bank were 2.87% and 2.75%, respectively. The Bank's non-performing loan ratio as at the end of the Reporting Period was 0.12 percentage point higher as compared to that as at 31 December 2021. During the Reporting Period, the Bank continuously enhanced its risk management and orderly disposed non-performing loans to improve the accuracy of risk disposal. In addition, the Bank reasonably handled disposal progress, made quick response, and safeguarded credit asset security of the Bank by adopting measures including but not limited to degrading of credit level, reduction of credit facility, collection of loans and improvement of credit-enhancement. However, as affected by economic uncertainties of local areas and the changing development of the epidemic, the production and operation of some industries and enterprises had not yet fully recovered, and their ability to repay the principal and interests declined, resulting in a slight increase in the amount of non-performing loans.

## 2. Concentration of loans

### (1) Industrial concentration of loans and non-performing loans

Loans consist of loans to customers in various industries. The table below sets forth the breakdown of loans and non-performing loans by industry as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022				As at 31 December 2021			
	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans and advances</b>								
Wholesale and retail trade	191,259,481	33.8	3,382,093	1.77	191,461,080	33.1	3,539,074	1.85
Manufacturing	158,643,223	28.1	1,734,976	1.09	160,218,761	27.8	2,001,097	1.25
Leasing and commercial services	33,310,567	5.9	1,098,110	3.30	34,157,651	5.9	367,090	1.07
Real estate	26,626,251	4.7	2,761,990	10.37	27,763,322	4.8	2,711,108	9.77
Science research and technological services	13,176,410	2.3	132,693	1.01	15,637,040	2.7	134,993	0.86
Construction	11,029,644	2.0	1,035,289	9.39	11,023,221	1.9	857,578	7.78
Transportation, storage and postal services	9,467,270	1.7	1,493,589	15.78	9,667,105	1.7	1,436,076	14.86
Education	6,220,728	1.1	–	–	6,239,455	1.1	–	–
Electricity, gas and water production and supply	4,650,933	0.8	197,295	4.24	4,664,368	0.8	233,076	5.00
Water, environment and public utility management	3,666,100	0.6	164,600	4.49	3,766,140	0.7	162,400	4.31
Mining	2,055,616	0.4	67,840	3.30	2,072,678	0.4	67,840	3.27
Agriculture, forestry, animal husbandry and fishery	875,542	0.2	612,621	69.97	917,447	0.2	579,135	63.12
Public management and social organization	184,235	0.0	–	–	188,369	0.0	–	–
Others	29,919,906	5.3	536,157	1.79	30,805,768	5.3	1,036,280	3.36
<b>Subtotal</b>	<b>491,085,906</b>	<b>86.9</b>	<b>13,217,253</b>	<b>2.69</b>	<b>498,582,405</b>	<b>86.4</b>	<b>13,125,747</b>	<b>2.63</b>
<b>Discounted bills</b>	<b>63,179,860</b>	<b>11.2</b>	<b>–</b>	<b>–</b>	<b>66,814,874</b>	<b>11.6</b>	<b>–</b>	<b>–</b>
<b>Personal loans</b>	<b>10,948,776</b>	<b>1.9</b>	<b>3,008,580</b>	<b>27.48</b>	<b>11,509,283</b>	<b>2.0</b>	<b>2,758,665</b>	<b>23.97</b>
<b>Total</b>	<b>565,214,542</b>	<b>100.0</b>	<b>16,225,833</b>	<b>2.87</b>	<b>576,906,562</b>	<b>100.0</b>	<b>15,884,412</b>	<b>2.75</b>

As at the end of the Reporting Period, loans offered to customers in the industries of (i) wholesale and retail trade; (ii) manufacturing; (iii) leasing and commercial services; and (iv) real estate represented the largest components of the Bank's corporate loans and advances. As at the end of the Reporting Period and as at 31 December 2021, the balance of loans provided to the corporate customers in the aforesaid four industries was RMB409,839,522 thousand and RMB413,600,814 thousand, respectively, accounting for 72.5% and 71.6% of the total loans and advances granted by the Bank, respectively. During the Reporting Period, based on its own development orientation, the Bank served local economic development, assisted enterprises in bailouts, met the reasonable and effective credit demands of enterprises temporarily in distress due to the epidemic in a timely manner, provided credit support for emergency capital needs and resumption of work and production during the suspension of work and production.

**(2) Borrower concentration****Loans to the ten largest single borrowers**

The table below sets forth the borrowing amounts of the top ten single borrowers as at the end of the Reporting Period.

(Expressed in thousands of Renminbi, unless otherwise stated)		As at 30 June 2022	
Customer	Industry involved	Amount	% of total loans
Customer A	Manufacturing	33,176,822	5.9
Customer B	Manufacturing	21,422,650	3.8
Customer C	Manufacturing	17,572,904	3.1
Customer D	Manufacturing	8,448,853	1.5
Customer E	Manufacturing	8,264,000	1.5
Customer F	Wholesale and retail trade	5,000,000	0.9
Customer G	Science research and technological services	5,000,000	0.9
Customer H	Science research and technological services	4,998,500	0.9
Customer I	Manufacturing	4,759,910	0.8
Customer J	Wholesale and retail trade	4,170,000	0.7

**(3) Distribution of non-performing loans by product type**

The table below sets forth the loans and non-performing loans by product type as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022			As at 31 December 2021		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
<b>Corporate loans and advances</b>						
Small enterprises and micro enterprises	251,396,045	8,500,912	3.38	251,665,277	8,122,769	3.23
Medium enterprises	126,298,289	4,156,989	3.29	132,553,122	4,610,578	3.48
Others	113,391,572	559,352	0.49	114,364,006	392,400	0.34
<b>Subtotal</b>	<b>491,085,906</b>	<b>13,217,253</b>	<b>2.69</b>	<b>498,582,405</b>	<b>13,125,747</b>	<b>2.63</b>
<b>Discounted bills</b>	<b>63,179,860</b>	<b>-</b>	<b>-</b>	<b>66,814,874</b>	<b>-</b>	<b>-</b>
<b>Personal loans</b>						
Personal business loans	5,785,083	2,917,767	50.44	6,787,097	2,675,400	39.42
Personal consumption loans	132,095	19,740	14.94	155,752	20,136	12.93
Residential and commercial properties mortgage loans	4,048,699	59,924	1.48	3,645,394	57,609	1.58
Credit card overdrafts	982,439	11,101	1.13	920,562	5,472	0.59
Others	460	48	10.43	478	48	10.04
<b>Subtotal</b>	<b>10,948,776</b>	<b>3,008,580</b>	<b>27.48</b>	<b>11,509,283</b>	<b>2,758,665</b>	<b>23.97</b>
<b>Total</b>	<b>565,214,542</b>	<b>16,225,833</b>	<b>2.87</b>	<b>576,906,562</b>	<b>15,884,412</b>	<b>2.75</b>

The non-performing loan ratio, representing total non-performing loans divided by the total loans and advances to customers, was 2.87% as at the end of the Reporting Period, representing an increase of 0.12 percentage point as compared to 2.75% as at 31 December 2021.

As at the end of the Reporting Period, the non-performing loan ratio of the Bank's corporate loans and advances was 2.69%, representing an increase of 0.06 percentage point as compared with 2.63% as at 31 December 2021, which was mainly because (i) as affected by economic uncertainties of local areas and the changing development of the epidemic, the balance of non-performing loans of some industries and enterprises under the Bank increased; and (ii) the balance of corporate loans and advances decreased.

As at the end of the Reporting Period, the non-performing loan ratio of the Bank's personal loans was 27.48%, representing an increase of 3.51 percentage points as compared with 23.97% as at 31 December 2021, which was mainly because (i) the decrease in the balance of personal loans; and (ii) some personal customers had difficulty in repayment due to the economic uncertainties of local areas and the changing development of the epidemic, resulting in an increase in the non-performing balance of personal loans.

**(4) Overdue loans and advances to customers**

The table below sets forth the ageing analysis of the Bank's overdue loans and advances to customers as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Overdue within 3 months (inclusive)	3,205,383	16.0	3,996,958	24.6
Overdue more than 3 months to 6 months (inclusive)	4,462,155	22.3	2,584,345	15.9
Overdue more than 6 months to 1 year (inclusive)	3,103,040	15.5	944,776	5.8
Overdue more than 1 year	9,241,120	46.2	8,729,514	53.7
<b>Total overdue loans and advances to customers</b>	<b>20,011,698</b>	<b>100.0</b>	<b>16,255,593</b>	<b>100.0</b>

**(IV) Analysis on capital adequacy ratios**

The Bank calculated and disclosed capital adequacy ratios in accordance with the relevant provisions of the Measures for Administration on Capital of Commercial Banks (Provisional) 《商業銀行資本管理辦法(試行)》 (effective since 1 January 2013) promulgated by the CBRC. As at the end of the Reporting Period, the Bank's core tier-one capital adequacy ratio was 8.36%, representing an increase of 0.07 percentage point as compared to that as at 31 December 2021; the tier-one capital adequacy ratio was 9.84%, representing an increase of 0.11 percentage point as compared to that as at 31 December 2021; the capital adequacy ratio was 11.61%, representing an increase of 0.11 percentage point as compared to that as at 31 December 2021. The increase in capital adequacy ratios was mainly because the asset scale decreased at the end of the Reporting Period, and the Bank optimized the asset structure to reduce its total risk weighted assets.

The table below sets forth the relevant information of the Bank's capital adequacy ratio as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022	As at 31 December 2021
<b>Core tier-one capital</b>		
– Share capital	13,981,616	13,981,616
– Qualifying portion of capital reserve	26,554,486	26,717,303
– Surplus reserve	3,241,844	3,241,844
– General reserve	12,156,776	12,156,776
– Retained earnings	2,849,871	2,583,431
– Qualifying portions of non-controlling interests	91,871	159,171
<b>Core tier-one capital deductions</b>		
– Other intangible assets other than land use right	(217,661)	(227,617)
– Other net deferred tax assets that depend on the Bank's future earnings	(2,311,377)	(1,731,668)
<b>Net core tier-one capital</b>	<b>56,347,426</b>	<b>56,880,856</b>
<b>Other tier-one capital</b>	<b>9,909,260</b>	<b>9,917,126</b>
<b>Net tier-one capital</b>	<b>66,256,686</b>	<b>66,797,982</b>
<b>Tier-two capital</b>		
– Tier-two capital instrument and the share premium	4,000,000	4,000,000
– Surplus provision for loan impairment	7,957,494	8,113,014
– Qualifying portions of non-controlling interests	23,794	47,861
<b>Net capital base</b>	<b>78,237,974</b>	<b>78,958,857</b>
<b>Total risk weighted assets</b>	<b>673,650,410</b>	<b>686,415,699</b>
<b>Core tier-one capital adequacy ratio <sup>(1)</sup></b>	<b>8.36%</b>	<b>8.29%</b>
<b>Tier-one capital adequacy ratio <sup>(2)</sup></b>	<b>9.84%</b>	<b>9.73%</b>
<b>Capital adequacy ratio</b>	<b>11.61%</b>	<b>11.50%</b>

Notes:

(1) Core tier-one capital adequacy ratio: (core tier-one capital-corresponding capital deductions)/risk weighted assets.

(2) Tier-one capital adequacy ratio: (tier-one capital-corresponding capital deductions)/risk-weighted assets.

**(V) Analysis of the cash flow**

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June		Change in amount
	2022	2021	
Subtotal of cash inflow from operating activities	<b>36,887,872</b>	93,110,588	(56,222,716)
Subtotal of cash outflow from operating activities	<b>(47,252,948)</b>	(65,121,467)	17,868,519
<b>Net cash flows (used in)/from operating activities</b>	<b>(10,365,076)</b>	27,989,121	(38,354,197)
Subtotal of cash inflow from investing activities	<b>34,882,906</b>	31,117,816	3,765,090
Subtotal of cash outflow from investing activities	<b>(33,852,132)</b>	(33,454,824)	(397,308)
<b>Net cash flows from/(used in) investing activities</b>	<b>1,030,774</b>	(2,337,008)	3,367,782
Subtotal of cash inflow from financing activities	<b>47,281,109</b>	65,789,715	(18,508,606)
Subtotal of cash outflow from financing activities	<b>(47,124,906)</b>	(90,437,653)	43,312,747
<b>Net cash flows from/(used in) financing activities</b>	<b>156,203</b>	(24,647,938)	24,804,141
<b>Effect of changes in foreign exchange rate on cash and cash equivalents</b>	<b>20,355</b>	(7,997)	28,352
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,157,744)</b>	996,178	(10,153,922)

During the Reporting Period, the net decrease in cash and cash equivalents was RMB9,158 million, mainly due to the decrease in deposits with the central bank as a result of the cuts to deposit reserve ratios by the PBOC.

During the Reporting Period, the net cash outflow from operating activities was RMB10,365 million. Of which, cash inflow was RMB36,888 million, representing a decrease of RMB56,223 million as compared with the previous year, mainly due to the decrease in net increase in financial assets sold under repurchase agreements; cash outflow was RMB47,253 million, representing a decrease of RMB17,869 million as compared with the previous year, mainly due to the decrease in net increase in loans and advances to customers.

During the Reporting Period, the net cash inflow from investing activities was RMB1,031 million, of which the cash inflow was RMB34,883 million, representing an increase of RMB3,765 million as compared with the previous year, mainly due to the increase in cash inflow received from the recovery of investments; the cash outflow was RMB33,852 million, representing an increase of RMB397 million as compared with the previous year, mainly due to the increase in cash outflow from investment payments.

During the Reporting Period, the net cash inflow from financing activities was RMB156 million, of which cash inflow was RMB47,281 million, representing a decrease of RMB18,509 million as compared with the previous year, mainly due to the decrease in cash inflow received from bond issuance; cash outflow was RMB47,125 million, representing a decrease of RMB43,313 million as compared with the previous year, mainly due to the decrease of the cash outflows paid for settlement of the principal of due bonds.

**(VI) Segment information****1. Summary of geographical segments**

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branch that generates the income. Substantially all of the Bank's businesses are conducted in the PRC and the Bank classifies its businesses in the PRC into the following three major geographical regions:

Jinzhou Region: the Bank's headquarters, Jinzhou branch, Jinzhou Taihe Jinyin Village and Township Bank Co., Ltd. (錦州太和錦銀村鎮銀行股份有限公司), Liaoning Yixian Jinyin Village and Township Bank Co., Ltd. (遼寧義縣錦銀村鎮銀行股份有限公司), Liaoning Beizhen Jinyin Village and Township Bank Co., Ltd. (遼寧北鎮錦銀村鎮銀行股份有限公司), Liaoning Heishan Jinyin Village and Township Bank Co., Ltd. (遼寧黑山錦銀村鎮銀行股份有限公司) and Liaoning Linghai Jinyin Village and Township Bank Co., Ltd. (遼寧凌海錦銀村鎮銀行股份有限公司).

Other Northeastern China Region (excluding Jinzhou region): Shenyang branch, Dalian branch, Harbin branch, Dandong branch, Fushun branch, Anshan branch, Chaoyang branch, Fuxin branch, Liaoyang branch, Huludao branch, Benxi branch, Yingkou branch, Liaoning Kazuo Jinyin Village and Township Bank Co., Ltd. (遼寧喀左錦銀村鎮銀行股份有限公司), Liaoning Huanren Jinyin Village and Township Bank Co., Ltd. (遼寧桓仁錦銀村鎮銀行股份有限公司) and Bank of Jinzhou Financial Leasing Co., Ltd. (錦銀金融租賃有限責任公司).

Northern China Region: Beijing branch and Tianjin branch.

The following is a breakdown of the Bank's operating income by region:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022		2021	
	Amount	% of total	Amount	% of total
<b>Operating income</b>				
Jinzhou Region	3,604,023	64.8	4,091,573	66.1
Other Northeastern China Region	1,371,954	24.7	1,476,052	23.8
Northern China Region	584,364	10.5	622,543	10.1
<b>Total</b>	<b>5,560,341</b>	<b>100.0</b>	<b>6,190,168</b>	<b>100.0</b>

## 2. Summary of business segment

The Bank manages its businesses through different business segments divided by business lines and geographical areas. Consistent with the way in which information is reported internally to the Bank's management for the purposes of resource allocation and performance assessment, the Bank determined the following reporting segments based on the operating segments:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022		2021	
	Amount	% of total	Amount	% of total
<b>Operating income</b>				
Corporate banking business	5,806,239	104.4	4,077,079	65.9
Retail banking business	657,829	11.8	506,728	8.2
Treasury business	(904,027)	(16.2)	1,606,113	25.9
Others	300	0.0	248	0.0
<b>Total</b>	<b>5,560,341</b>	<b>100.0</b>	<b>6,190,168</b>	<b>100.0</b>

## (VII) Analysis of off-balance sheet items

The Bank's off-balance sheet items include credit commitments and other off-balance sheet items. Credit commitments mainly include acceptances, letters of credit, letters of guarantees, loan commitments and credit card commitments. Other off-balance sheet items mainly are capital expenditure commitments. The following table sets forth the Bank's credit commitments and other off-balance sheet items as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022	As at 31 December 2021
Acceptances	45,556,453	66,702,718
Letters of credit	2,357,608	3,365,623
Letters of guarantees	1,499,262	1,786,202
Loan commitments	129,153	485,056
Credit card commitments	1,494,224	1,431,624
<b>Subtotal</b>	<b>51,036,700</b>	<b>73,771,223</b>
Capital expenditure commitments	62,529	35,126
<b>Subtotal</b>	<b>62,529</b>	<b>35,126</b>
<b>Total</b>	<b>51,099,229</b>	<b>73,806,349</b>

As at the end of the Reporting Period, the Bank's off-balance sheet items amounted to RMB51,099,229 thousand, representing a decrease of RMB22,707,120 thousand or 30.8% as compared with that as at 31 December 2021, mainly due to the decrease in the business scale of acceptances.

### III. Business Overview

#### (I) Corporate banking business

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June		
	2022	2021	Rate of change (%)
External net interest income	14,169,624	10,813,088	31.0
Internal net interest expense	(8,431,717)	(6,848,584)	23.1
Net interest income	5,737,907	3,964,504	44.7
Service charge and net commission income	68,082	111,461	(38.9)
Other net operating income	250	1,114	(77.6)
Operating expenses	(535,759)	(571,235)	(6.2)
Impairment losses on assets	(4,087,741)	(4,774,067)	(14.4)
Segment profit/(losses) before tax	1,182,739	(1,268,223)	(193.3)
Depreciation and amortization	(99,410)	(97,805)	1.6
Capital expenditure	28,986	19,926	45.5

(Expressed in thousands of Renminbi, unless otherwise stated)	As at	As at	Rate of change (%)
	30 June 2022	31 December 2021	
Segment assets	568,298,454	579,507,451	(1.9)
Segment liabilities	74,571,925	94,900,669	(21.4)

#### 1. Corporate deposits

The Bank persisted in business innovation, took initiative to promote the optimization of deposit business structure, improve the functions of systems and innovate products for the corporate deposit business. Facing the interest rate liberalization and fierce inter-bank competition among corporate deposits, the Bank continued to expand sources of low-cost deposits, enhanced pricing management of deposit products, expanded the customer scale, consolidated the foundation of the deposit business, diversified the source of deposits, improved the refined management levels of deposits and promoted the steady and healthy development of the corporate deposit business. During the Reporting Period, in order to further enrich debt financial products, broaden customers' investment channels, and meet customers' diversified investment needs, the Bank accelerated product research and development, innovated debt financial products and launched corporate large-scale deposit products, thereby effectively improving comprehensive service capabilities and levels for customers.

As at the end of the Reporting Period, total corporate deposits of the Bank (excluding interests payable) amounted to RMB72,996,395 thousand, in which, corporate demand deposits amounted to RMB37,443,491 thousand, accounting for 51.3% of total corporate deposits and corporate time deposits amounted to RMB35,552,904 thousand, accounting for 48.7% of total corporate deposits.

## 2. Corporate loans and advances

During the Reporting Period, while actively implementing various support policies of the state, providing good epidemic prevention and control and financial services, the Bank set a goal to develop with high quality, firmly controlled financial risks to serve the real economy, deepened financial reform to provide customers with more quality financial services, increased investment in key industries, manufacturing and high-tech industries supported by the state, continuously promoted the digital, intelligent and technological transformation and advanced product innovation, conscientiously implemented the “1226” development strategy and achieved inherent high-quality development. As at the end of the Reporting Period, corporate loans and advances of the Bank amounted to RMB491,085,906 thousand, representing a decrease of 1.5% as compared with that at the end of last year.

## 3. Discounted bills

For the direct discounting business of bank acceptance bills, the Bank persisted in operating in compliance with laws and regulations, strictly implemented relevant national laws and regulations, regulatory rules as well as industry self-discipline requirements; adhered to the principle of bill business serving the real economy, actively supported small, medium and micro enterprises and private enterprises, and served the “Three Rural” economy; insisted on protecting national interests, industry interests, public interests and the legitimate rights and interests of operating institutions, and maintained the order of the bill market, realizing sound development of direct discounting business of bank acceptance bills. During the Reporting Period, the Bank’s rediscounting business developed rapidly. As at the end of the Reporting Period, the Bank’s discounted bills amounted to RMB63,179,860 thousand, representing a decrease of 5.4% as compared with that at the end of last year.

## 4. International business

During the Reporting Period, the Bank has always adhered to a customer-centric service philosophy. By combining traditional loan-deposit products with trade finance products and fundamental financial derivative instruments, the Bank offered customers with flexible and diverse financial product services, insisted on compliant operations and continuously improved the Bank’s integrated financial service capabilities.

During the Reporting Period, the international settlement amount of the Bank amounted to US\$1,233 million. Agency channel development and inter-bank cooperation have continuously improved and its agency network covered 48 countries and regions, comprising 375 agencies. The Bank catered to customers’ needs of settlement and finance.

## (II) Inclusive Financial Business

### 1. Business Overview

During the Reporting Period, holding fast to the original intention of the “three services” orientation of urban commercial banks, the Bank continued to focus on business management and service, deeply rooted in the local small and micro enterprise market, and built a featured urban commercial bank with high adaptability and strong competitiveness in inclusive financial business. Focusing on the financing needs of small and micro enterprises, small and micro business owners and individual businesses with a financing need of less than RMB10.00 million (inclusive), the Bank implemented differentiated development strategies based on regional characteristics and core customer groups. During the Reporting Period, the growth rate of inclusive financial loans was higher than that of other loans, with the number of inclusive financial customers not less than that at the beginning of the year.

As at the end of the Reporting Period, the balance of loans for small and micro enterprises (including small and micro enterprises, small and micro business owners and individual businesses) of the Bank (excluding subsidiaries) amounted to RMB220,272,912 thousand, with 5,089 small and micro enterprise customers (including small and micro enterprises, small and micro business owners and individual businesses); during the Reporting Period, a total of RMB24,962,786 thousand was lent to small and micro enterprises (including small and micro enterprises, small and micro business owners and individual businesses), and the number of cumulative small and micro enterprise customers (including small and micro enterprises, small and micro business owners and individual businesses) was 1,865. As at the end of the Reporting Period, in addition to the headquarters, the Bank (excluding its subsidiaries) had 214 service points in total, including 15 branches, 194 sub-branches, 3 mini/community sub-branches and 1 specialized institution.

### 2. Development Measures

- (1) **Assumed social responsibilities and actively implemented regulatory requirements.** The Bank has continued to enhance the financial service level for small and micro enterprises according to the assessment requirements of regulation on small and micro enterprises financial services. It solidly did the “six stabilities” work, fully implemented the “six guarantees” task, and helped small and micro enterprises affected by the epidemic overcoming the difficulties. During the Reporting Period, the Bank obtained refinancing support to small and micro enterprises from the PBOC and brought benefits to small and micro enterprises through policies. It enhanced the ability to support the real economy with finance, reduced the pressures of small and micro enterprises on the repayment of interest.
- (2) **Strengthened team building and improved the professional management level.** The Bank continuously strengthened the building of the inclusive financial service team and provided basic labor guarantees. Through professional assessment on the inclusive business, it effectively controlled risks and enhanced its business efficiency. The Bank continuously promoted the refined and sustainable development of the inclusive business, opening new patterns of serving local economy.
- (3) **Innovated the marketing model to support the development of inclusive finance.** The Bank created a marketing model of “1357 synergetic development” (being focus on developing 1 core customer group, accurate marketing to 3 main customer groups, paying close attention to 5 reserve customer groups and deployment of at least 7 featured products for each institution) to make a market plan, define target customer groups and scientifically work out service strategies and management measures, which combined with the model of “full-staff marketing, professional access” on basis of a “pre-review” mechanism, facilitating the development of inclusive finance business.

- (4) **Improved the assessment and evaluation system to enhance the proactivity of provision of inclusive services.** The Bank has set up a five-in-one assessment and evaluation system for the inclusive finance line and fully mobilized the proactivity of each institution to carry out the inclusive finance service work. The Bank set up a more scientific and reasonable indicator assessment system; it strengthened the daily performance assessment according to regulatory requirements; it established the annual evaluation mechanism for each institution, and improved the “dual incentive” mechanism and reset the rules of “main product incentive”. At the same time, it held “Three Ones” competitions to reinforce the assessment and evaluation.
- (5) **Strengthened product management to reduce financing costs of customers.** Under the “dual-wheel drive” product model, the Bank promoted the development of “increment and expansion” of inclusive finance by updating the “core product list”. Meanwhile, the Bank thoroughly implemented the decision and deployment published by CPC Central Committee to ease the burden of micro and small enterprises, rigorously complied with the regulatory requirements of “Seven Prohibitions” and “Four Disclosures” and resisted indiscriminate charges, not passing costs to customers and charging fees under different pretexts.

### (III) Retail Banking Business

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June		
	2022	2021	Rate of change (%)
External net interest expenses	(7,620,692)	(6,885,313)	10.7
Internal net interest income	8,182,984	7,236,582	13.1
Net interest income	562,292	351,269	60.1
Service charge and net commission income	95,537	155,259	(38.5)
Other net operating income	–	200	(100.0)
Operating expenses	(427,846)	(492,425)	(13.1)
Impairment losses on assets	(173,826)	(36,789)	372.5
Segment profit/(losses) before tax	56,157	(22,486)	(349.7)
Depreciation and amortization	(64,912)	(71,850)	(9.7)
Capital expenditure	18,927	14,093	34.3

(Expressed in thousands of Renminbi, unless otherwise stated)	As at		Rate of change (%)
	30 June 2022	31 December 2021	
Segment assets	8,676,532	9,330,606	(7.0)
Segment liabilities	411,102,742	382,190,324	7.6

#### 1. Personal Deposits

During the Reporting Period, the Bank achieved a steady increase in the scale of liabilities and an effective reduction in costs through a series of activities. As at the end of the Reporting Period, the total amount of personal deposit (interests payable not included) of the Bank amounted to RMB400,848,977 thousand, representing an increase of RMB28,361,172 thousand or 7.6% as compared with that at the end of last year. During the Reporting Period, the payment of interests on personal deposits decreased as compared with that in the corresponding period of last year. The scale of personal deposits with a remaining maturity of 2 years or more of the Bank (excluding subsidiaries) gradually decreased, and the maturity structure of deposits continued to optimize.

## 2. Personal Loans

During the Reporting Period, the Bank focused on loans in the inclusive finance area, facilitated the development of personal business loans, personal consumption loans, mortgage loans for residential and commercial properties, and integrated online platforms to enhance service quality and efficiency. As at the end of the Reporting Period, total personal loans of the Bank (including, among others, personal business loans, personal consumption loans, residential and commercial property mortgage loans) amounted to RMB10,948,776 thousand, of which personal business loans amounted to RMB5,785,083 thousand, personal consumption loans amounted to RMB132,095 thousand, and residential and commercial property mortgage loans amounted to RMB4,048,699 thousand.

## 3. Personal Customers

During the Reporting Period, the Bank's customer base experienced a steady growth with an increase in the contribution percentage of VIP customers. As at the end of the Reporting Period, the number of effective customers (with a monthly and daily average of personal financial assets over RMB10,000) was 1,694,700, representing an increase of 100,100 customers as compared with that at the end of last year; the number of VIP customers (with a monthly and daily average of personal financial assets over RMB200,000) was 628,900, representing an increase of 60,900 as compared with that at the end of last year. The percentage in customer number was 9.7% and the percentage in customer assets was 83.0%, representing an increase of 1.1 percentage points and 0.5 percentage point as compared with those at the end of last year, respectively. The structure of customer base was further optimized.

## 4. Bank Cards

The Bank continuously improved the risk control process for credit cards and product systems, and based on its own characteristics, formulated credit card products with regional characteristics and exclusive functions, and focused on the dual-wheel drive of "basic consumption" and "special installment" to enhance the comprehensive revenue generation ability of credit cards. The barbecue-themed credit cards launched by the Bank won the Gold Award in the Financial Digital Marketing Innovation Competition. In-depth and cross marketing work was carried out for the Bank's high-quality customer groups, such as the AUM-compliant customer group, the payroll agency customer group and the mortgage loan customer group of the Bank. In order to actively respond to the epidemic, the Bank launched services such as deferred repayment, installment extension, and credit protection for customers. As at the end of the Reporting Period, the number of debit cards issued by the Bank amounted to 5,984,000, representing an increase of 215,600 or 3.7% as compared with that at the end of last year; the number of credit cards issued by the Bank amounted to 169,400, representing an increase of 18,000 or 11.9% as compared with that at the end of last year.

As at the end of the Reporting Period, the balance of credit card overdrafts amounted to RMB982,439 thousand, increased by RMB61,877 thousand or 6.7% as compared to that at the end of last year.

## 5. Wealth Management

The Bank has carried out wealth management, fund agency and precious metals in kind agency businesses. At the end of the Reporting Period, the Bank had 199 registered sales outlets for fund agency business, 1,327 products for fund agency business, representing an increase of 427 as compared with that at the end of last year. The sales of fund agency business amounted to RMB988,850 thousand during the Reporting Period, representing a year-on-year increase of RMB791,106 thousand.

**(IV) Capital Business**

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June		
	2022	2021	Rate of change (%)
External net interest (expense)/income	(1,215,141)	1,752,829	(169.3)
Internal net interest income/(expense)	248,733	(387,998)	(164.1)
Net interest (expense)/income	(966,408)	1,364,831	(170.8)
Service charge and net commission income	52,883	24,850	112.8
Net trading (losses)/gains	(167,427)	184,338	(190.8)
Divided income	–	14,248	(100.0)
Net gains arising from investment securities	162,280	8,055	1,914.6
Net foreign exchange gains	14,645	9,402	55.8
Other net operating income	–	389	(100.0)
Operating expenses	(494,264)	(371,053)	33.2
Impairment losses on assets	329,347	472,668	(30.3)
Segment (losses)/profit before tax	(1,068,944)	1,707,728	(162.6)
Depreciation and amortization	(76,344)	(91,906)	(16.9)
Capital expenditure	22,260	18,000	23.7

(Expressed in thousands of Renminbi, unless otherwise stated)	As at		Rate of change (%)
	30 June 2022	31 December 2021	
Segment assets	226,565,461	237,763,776	(4.7)
Segment liabilities	267,145,856	298,669,417	(10.6)

**1. Currency Market Transactions**

During the Reporting Period, the currency market maintained a reasonably abundant liquidity. Adhering to the premise of maintaining safe liquidity and combining with historical experience and market conditions, the Bank thoroughly studied and judged the trend of capital interest rates, flexibly allocated financing structure, and endeavored to reduce financing cost and increase profitability. As at the end of the Reporting Period, financial assets held under resale agreements of the Bank was RMB1,562,739 thousand, representing a decrease of RMB3,342,891 thousand as compared with that of the end of last year, and the financial assets sold under repurchase agreements of the Bank was RMB82,025,037 thousand, representing a decrease of RMB25,156,567 thousand as compared with that of the end of last year.

**2. Foreign Exchange and Derivatives Trading**

During the Reporting Period, the Bank actively promoted the development of foreign exchange and derivative transaction business. The cumulative transaction volume of foreign exchange transactions was US\$1,125 million, of which the transaction volume of derivatives business was US\$205 million.

### 3. Investments in Securities and Other Financial Assets

During the Reporting Period, China insisted on coordinating the Epidemic prevention and control while maintaining economic and social development, effectively implemented macro policies and stabilized the fundamentals of economic and social development to the greatest extent. The prudent monetary policy was flexible and appropriate, and the proactive fiscal policy was preemptive. The Bank paid close attention to changes in various factors such as macro fundamentals, capitals, financial regulations, further enhancing the analysis and research for the financial market to timely adjust operation strategies.

#### (1) Securities investment distribution breakdown by business model and holding purpose

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	13,937,020	8.3	16,240,438	9.6
Financial assets at fair value through other comprehensive income	50,987,668	30.5	59,358,662	35.3
Financial assets measured at amortized cost	102,481,774	61.2	92,812,776	55.1
<b>Total</b>	<b>167,406,462</b>	<b>100.0</b>	<b>168,411,876</b>	<b>100.0</b>

Note: The above table includes the amount of interest receivable.

#### (2) Securities investment distribution breakdown by residual maturity

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	Amount	% of total	Amount	% of total
Indefinite	2,571,195	1.5	2,625,307	1.6
Repayable on demand	7,760,744	4.6	7,247,276	4.3
Within 3 months	8,865,819	5.3	11,784,261	7.0
3 months to 1 year	5,457,869	3.3	5,782,618	3.4
1 year to 5 years	62,784,901	37.5	56,554,938	33.6
More than 5 years	79,965,934	47.8	84,417,476	50.1
<b>Total</b>	<b>167,406,462</b>	<b>100.0</b>	<b>168,411,876</b>	<b>100.0</b>

**(3) Holding of State Bonds**

As at the end of the Reporting Period, the balance of nominal value of the state bonds held by the Bank amounted to RMB1.100 billion. The table below sets out the state bonds held by the Bank as at the end of the Reporting Period.

Name of Bonds (Expressed in thousands of Renminbi, unless otherwise stated)	Nominal value	Interest rate per annum (%)	Maturity date
17 Coupon-bearing State Bond 04	440,000	3.40	9 February 2027
17 Coupon-bearing State Bond 18	250,000	3.59	3 August 2027
17 Coupon-bearing State Bond 10	160,000	3.52	4 May 2027
17 Coupon-bearing State Bond 25	150,000	3.82	2 November 2027
09 State Bond 20	100,000	4.00	27 August 2029

**(4) Holding of financial bonds**

As at the end of the Reporting Period, the balance of nominal value of the financial bonds (mainly financial bonds issued by policy banks) held by the Bank amounted to RMB58.835 billion. The table below showed the top ten financial bonds with the highest nominal value held by the Bank as at the end of the Reporting Period.

Name of Bonds (Expressed in thousands of Renminbi, unless otherwise stated)	Nominal Value	Interest rate per annum (%)	Maturity Date
21 Jin Chu 05	7,740,000	3.22	14 May 2026
21 Jin Chu 13	7,510,000	2.76	5 November 2024
21 Nong Fa 06	4,770,000	2.78	21 July 2024
21 Nong Fa 08	3,730,000	2.99	11 August 2026
20 Jin Chu 15	3,630,000	3.43	23 October 2025
18 Nong Fa 11	3,150,000	4.00	12 November 2025
22 Nong Fa 03	3,070,000	2.61	9 March 2025
22 Jin Chu 05	2,950,000	2.61	27 January 2027
21 Jin Chu 03	1,640,000	3.14	2 April 2024
21 Nong Fa 02	1,560,000	3.19	3 March 2024

**4. Wealth Management Business**

During the Reporting Period, all wealth management products of the Bank were under stable operation and cashed in a timely manner, without any significant complaints from customers. In compliance with the new requirements of assets management and wealth management, the Bank will actively guide the marketing of branches, carry out education on investors and increase investors' awareness in rational investment. It will also strive to expand investment channels, provide customers with higher-quality wealth management products. It will continuously optimize system construction and improve asset management.

All of the Bank's wealth management products were net-worth wealth management products. The wealth management business was under orderly progress. As at the end of the Reporting Period, the balance of the Bank's wealth management products amounted to RMB28,244,694 thousand, representing a decrease of RMB1,878,314 thousand or 6.2% as compared with that of the end of last year.

**5. Interbank Business**

The Bank optimized the portfolio of interbank businesses in liabilities, investment and bills trading. As at the end of the Reporting Period, the Bank's deposit with banks and other financial institutions amounted to RMB13,029,422 thousand, and the Bank's deposits from banks and other financial institutions amounted to RMB132,673,234 thousand. As at the end of the Reporting Period, the Bank had 90 interbank certificates of deposit issued and not yet due, with an aggregate amount of RMB32,043 million.

**6. Investment Banking Business**

During the Reporting Period, the Bank actively fulfilled its social responsibilities, committed to regional economic development, focused on the needs from corporate customers, proactively marketed and explored products such as high-quality ABSs, CMBs, short-term financing and medium-term notes, which provided customers with all-round, multi-level and three-dimensional financial supports to meet the diversified financing demands from customers. The asset structure of investment banking businesses was continuously improved and the size of proprietary investment bonds gradually increased. At the end of the Reporting Period, the original carrying amount of the beneficial interest transfer plan measured at amortized cost was RMB14,225,880 thousand.

## (V) Distribution Channels

### 1. Physical Outlets

The outlet construction of the Bank took network layout optimization and single point production capacity improvement as the principle. The Bank continued to reduce the number of outlets with low efficiency in Jinzhou region, and reasonably increased the number of outlets in developed areas outside the city at the same time, striving to achieve coordinated development of “scale, quality and benefit”. During the Reporting Period, the Bank canceled and merged with 1 outlet in Jinzhou region, downgraded 4 outlets, and newly established 1 outlet in a city outside Jinzhou. As at the end of the Reporting Period, the Bank (excluding its subsidiaries) had 214 service points in total of all kinds. 105 of them were distributed in Jinzhou region, 7 in Beijing region, 9 in Tianjin region, 9 in Harbin region, 15 in Shenyang region, 7 in Dalian region and 62 in other cities of Liaoning Province. In addition to the headquarters, it had 15 branches, 194 sub-branches, 3 mini/community sub-branches and 1 specialized institution.

### 2. Self-service Channel

As at the end of the Reporting Period, the Bank (excluding subsidiaries) had 822 self-service machines, including 504 self-service machines for cash, representing a decrease of 20 as compared to that at the end of last year; the accumulated transaction amount was RMB4,670 million during the Reporting Period, representing a year-on-year decrease of RMB300 million; the number of accumulated account transaction was 1.887 million, representing a year-on-year decrease of 244,000, primarily due to the continuous transformation of customer transaction habits to non-cash methods, which decreased the total amount of cash transactions. At the end of the Reporting Period, there were 318 self-service machines for non-cash, representing a decrease of 29 as compared to that at the end of last year; the number of accumulated account transaction was 1.225 million during the Reporting Period, representing a year-on-year increase of 596,000 or 94.8%, primarily because the Bank strengthened the development of self-service machines with functions and the diversion and guidance of customer transaction channels.

### 3. Electronic Banking

During the Reporting Period, the Bank took customer value as the guide, deeply implemented the development philosophy of intelligence, online, and openness, accelerated the “mobile first” and scenario construction projects. It significantly enhanced the basic management ability, the business operation and innovation ability and steadily improved the quality and efficiency of online services.

#### (1) Online Banking

During the Reporting Period, the Bank focused on online and open development, constantly improved the product system of online banking and optimized the service function and continuously improved the quality of online banking services. Firstly, it launched the corporate financial office for online banking, which provided functions such as batch payment, electronic payroll, transfer reservation, and receipt enquiry, and provided personal butler services for enterprises. Secondly, it optimized corporate online banking services and introduced the certificate of corporate large-scale deposit, structured deposits, self-service revolving loans for small and micro enterprises, property-guaranteed loans, to-do centers, download centers and other products, adjusted the accounting rules for payrolls, and increased fees waiver models for small and micro enterprises to further enhance the ability of finance to serve the real economy. Thirdly, it integrated the process of opening accounts for public accounts and corporate online banking, simplified business operations, and improved business processing efficiency. Fourthly, it improved the functions of the bank-enterprise direct connection system, optimized the electronic commercial bill service, and improved the customer experience. Fifthly, it improved risk prevention and control capabilities, optimized corporate online banking linkage, verification and signatures services, and reduced operational risks to business.

As at the end of the Reporting Period, the Bank had a total of 413,100 online banking customers, representing an increase of 0.6% as compared to that at the end of last year. Among them, there were a total of 46,900 corporate online banking customers, representing an increase of 4.2% as compared to that at the end of last year; and there was a total of 366,200 personal online banking customers. During the Reporting Period, the transaction amount of online banking amounted to RMB577.551 billion, and the number of transactions was 2,243,300.

#### (2) Mobile Banking

During the Reporting Period, the Bank actively adapted to the digital, online and open development need of customers, advanced the construction of the main position of mobile phone banking and other online financial services, and achieved the integrated development of online and offline businesses. Firstly, it opened up third-party login channels, launched an “open version” of mobile phone banking, and gradually realized the opening of the platform. Secondly, it launched more than 30 new functions such as monthly bills, payment QR codes, and electronic payrolls, optimized more than 20 business processes such as wealth management product displays, and added 3 payment services to expand its service scope. Thirdly, it supported the forwarding of funds, wealth management, structured deposits, and precious metal products to WeChat friends and Moments, and added a card and coupon center function to truly improve its marketing and promotion capabilities. Fourthly, it built the E-life platform for the Bank of Jinzhou, launched products under “Fu Li Tong (福禮通)”, and supported the online distribution of employees’ benefits; formulated solutions for smart scenic spots on the “Cultural & Travel Link (文旅通)”, developed products under the “Scenic E-card”, and realized the construction of smart scenic spots empowered by technology and finance.

As at the end of the Reporting Period, the Bank had a total of 2,420,000 mobile banking customers, representing an increase of 17.0% as compared to that at the end of last year. Among them, there were 1,547,500 mobile phone banking customers in aggregate, representing an increase of 22.8% as compared to that at the end of last year, and 872,500 WeChat banking customers in aggregate, representing an increase of 8.0% as compared to that at the end of last year. During the Reporting Period, the transaction amount of its mobile banking business amounted to RMB165.448 billion, representing a year-on-year increase of 151.7%. Among them, the transaction amount of mobile phone banking amounted to RMB165.305 billion, representing a year-on-year increase of 157.2%; the transaction amount of WeChat banking amounted to RMB143 million. During the Reporting Period, the number of mobile banking transactions was 3,291,500, representing a year-on-year increase of 17.0%. Among them, the number of mobile phone banking transactions was 3,185,700, representing a year-on-year increase of 18.9%; the number of WeChat banking transactions was 105,800.

### (3) *Internet Finance*

During the Reporting Period, the Bank deepened the Internet-based layout of consumption, government affairs and industries through opening and export, strategic cooperation, joint scenario construction and other means to build a new pattern of financial scenario construction. Firstly, the Bank officially launched its open banking portal and released API products such as payment by code, assured collection, cashier counter and E-payment to fully launch the API open banking services with open capabilities and resource sharing and realize deep integration with the government, industry chain and platform economy. Secondly, it connected the online supply chain platform, and converted its high-quality corporate credit into innovative financial information services that can be circulated, financed and flexibly configured. Thirdly, the Bank developed medical insurance loan products, accessed medical insurance data, developed models to screen potential target customers, and expanded inclusive credit business. Fourthly, it launched the public payment product, "Jinyin E Payment (錦銀 E 付款)", and reached cooperation with leading payment institutions on joint receipt codes, which enhanced its overall product power. Fifthly, the Bank signed fast payment cooperation agreements with a number of waist payment institutions, and launched fast payment products such as "no typing without card numbers" and "one-click card binding", which further enhanced its convenient service capabilities. Sixthly, it upgraded the integrated collection products and services, completed the integration of Jinshang Home (錦商之家) and mobile phone banking, introduced 4G version of the cloud collection speaker, and launched the "Win on Code (碼上贏)" collection activities with flexible configuration products, effectively improving product competitiveness and the efficiency in developing customers.

As at the end of the Reporting Period, the Bank had 14,900 active internet collection merchants, representing an increase of 113.3% as compared to that at the end of last year. During the Reporting Period, the transaction amount by online payment was RMB2.766 billion, the number of transactions reached 9,370,400. As at the end of the Reporting Period, the number of fast payment accounts was over 2,894,500, representing an increase of 14.5% as compared to that at the end of last year. During the Reporting Period, the number of transactions was 51,742,900, representing a year-on-year increase of 11.4%; the transaction amount was RMB13.988 billion, representing a year-on-year increase of 4.2%.

**(VI) Information on Subsidiaries****1. Banks in Villages and Towns**

The village and township banks funded and set up by the Bank adhered to the purpose of “basing on urban and rural areas, supporting agriculture, rural area and farmers as well as small and micro enterprises”, strived to serve the production and living of rural area, supported the development of rural-related small and medium-sized enterprises, proactively provided distinctive financial services for agriculture, rural areas and farmers, deeply cultivated the customer market and actively served the urban and rural areas.

As at the end of the Reporting Period, the Bank has seven village and township banks, including five branches in Jinzhou City, one branch in Chaoyang City and one branch in Benxi City, Liaoning Province, the PRC, which are engaged in banking and related financial services. At the end of the Reporting Period, the total assets of such seven village and township banks amounted to RMB8,804,622 thousand, representing an increase of 5.4% as compared with that of the end of last year; the net amount of loans and advances was RMB1,416,797 thousand, representing a decrease of 22.0% as compared with that of the end of last year. The total deposits amounted to RMB9,545,726 thousand, representing an increase of 7.8% as compared with that of the end of last year. The net loss amounted to RMB234,550 thousand.

**2. Bank of Jinzhou Financial Leasing Co., Ltd.**

Bank of Jinzhou Financial Leasing Co., Ltd. officially commenced its operation on 1 December 2015 with a registered capital of RMB4.9 billion as at the end of the Reporting Period, which was the only financial leasing company in Liaoning Province. It was incorporated in the Shenyang City of Liaoning Province in PRC and mainly engages in financial leasing business of large equipment in key fields such as equipment manufacturing, aviation, medical treatment, and various financial assets and industrial services such as leasing asset transaction, asset management and economic consultancy. As at the end of the Reporting Period, the total assets of Bank of Jinzhou Financial Leasing Co., Ltd. were RMB5,035,158 thousand, of which the balance of finance lease was RMB4,984,447 thousand, and its net loss for the Reporting Period was RMB5,645 thousand.

## (VII) Information Technology

During the Reporting Period, under the guidance of the strategy of “invigorating the bank through science and technology”, the Bank continued to promote the transformation and development of information technology, prioritized the safety of production and operation, focused on enhancing the level of financial technology empowerment and leadership, actively developed enterprise-level technical capacity and promoted the effective conversion of technological development results into business productivity.

**Firstly, to give full display to the supporting and leading role of technology to business, promote the construction of key business segments, deepen the coordination and integration of technology and business, create value in business innovation and accelerate the business transformation.** Through the construction of digital credit operation risk control system, the Bank has realized the digital transformation of credit via digitalization of pre-lending investigation, unified credit approval, flexible business innovation and open credit products; through opening up its banking portal, it has successfully released financial products such as payment cashier counter and integrated collection, and expanded the financial service scenarios by “going out”; through continuously strengthening the construction of mobile phone banking, the Bank has launched innovative products such as the Leijue Mall (雷珏商城), monthly bills, receipt code transfers and electronic payroll, and made traditional offline businesses such as account downgrade, loss reporting and cancellation online, enhancing the competitiveness of the online market and further promoting the construction of online and offline integration; through the construction of new generation of OA, new mail, centralized certificate, mobile VPN, intranet WIFI and other projects, it promoted the construction of a bank-wide mobile office system; and through carrying out operational risk control, paperless promotion and centralized authorizations, the case prevention capability of the outlets has been improved.

**Secondly, to strengthen the application of new technologies and steadily promote the IT structural transformation.** The Bank continuously deepened structural governance on the application structure, data structure and technological structure. Based on the business middle platform, the Bank launched the ECIS-based customer center, the security center based on the encryption platform supporting various cryptographic algorithms, the certification center based on face recognition and centralized certificate, and the risk control center based on the operational risk control platform. The Bank implemented standards in key systems such as the core system, ECIS system, digital credit operation risk control system and financial market system, and completed the analysis of 7,869 data tables; uploaded all data into the data lake and incorporated nearly 4,500 tables from more than 30 business systems, effectively promoting the full utilization of the Bank’s digital assets and eliminating “data islands” in application systems; launched the application of micro-service technology and selected pilot systems for migration and transformation to meet the needs of specific business scenarios such as flexible expansion, high availability and high performance.

**Thirdly, to continuously promote the governance and reform of financial technology to lay a solid foundation for further deepening the reform and promoting the rapid development of technology.** Giving full play to its guidance role of Financial Technology Development Committee, the Bank considered important matters such as the implementation of business innovation plan and technology-empowered business transformation and construction plan; completed the supervision and filing of the Shenyang R&D Center, expanded the staff of the R&D Center and enhanced the technological strength of the R&D Center; established an information technology operation and maintenance team, strengthened control over application development and operation and maintenance, enhanced the overall operation and maintenance capability and service level, avoided the risk of technological operation and guaranteed the stable operation of the information system; established technology incentive mechanisms, identified 10 topics in the two categories of “Financial Technology Leading and Empowering Business Innovation” and “Financial Technology Independent Research and Development and Management Innovation”, and provided targeted awards for outstanding innovative projects, and the vitality of financial technology innovation has been fully stimulated.

**Fourthly, to hold fast to the bottom line of safe production and focus on strengthening information security and production and operation support capabilities.** The Bank has promoted security control systems such as AD domain, document security and terminal security across the Bank to enhance information security control and risk prevention capabilities; carried out security testing projects such as information system security assessment and graded protection testing through network architecture analysis, configuration security testing, security vulnerability scanning, system penetration testing and management interviews of the Internet-related business systems of the Bank to identify security risks in a timely manner and fully safeguard the security of the Bank’s information system; and actively conducted research on cloud platforms for infrastructure, completed the project approval and demand assessment, and conducted research to enhance the Bank’s elastic supply capability in cloud computing and cloud storage.

## IV. Risk Management

Comprehensive risk management is a process to effectively identify, assess, measure, monitor, control or mitigate and report risks in order to ensure the realization of the operating and strategic objectives by setting up effective and balanced risk governance structure, fostering robust and prudent risk culture, formulating unified risk management strategies and risk appetite, and implementing the risk limit and risk management policies.

The Board of Directors of the Bank is responsible for coordinating and leading the Bank's risk management efforts and assumes ultimate responsibility for overall risk management. The Board of Directors deliberates on risk management related resolutions, strengthens policy guidance and guides the establishment of rules and regulations to further standardize the overall risk management mechanism. At the same time, the Board of Directors is concerned about the risk situation in key areas and keeps track of the implementation of the supervisory policies to strictly guard the risk bottom line. The Directors put forward professional opinions and suggestions on the resolutions and reports, providing strong support to the Board of Directors for scientific and efficient decision-making.

The Bank implements the development concept of "compliance, innovation, coordination and quality", adheres to working on high-quality organic development path, formulates and implements a prudent risk appetite, complies with regulatory requirements, operates in compliance with the laws and regulations and insists on a balance between capital, risk and gains. The Bank will continue to improve its risk governance structure and risk management system, conduct effective identification, measurement, control, supervision and reporting on various types of actual risks, and continuously enhance its comprehensive risk management capabilities to provide effective guarantee for the achievement of the Bank's strategic objectives for and achieve sustainable development of the Bank.

The Bank has established a risk management policy to identify and analyze the risks faced by the Bank and established internal control procedures to monitor the Bank's risk level. The Bank regularly reviews its risk management policies and internal control system to adapt to changes in market conditions or the Bank's business activities.

### (I) Credit risk

Credit risk refers to the risk arising from the failure of the borrowers or counterparties of the bank to meet their obligations under the agreement. The core to the Bank's credit risk management system includes: the formulation of credit policies, due diligence, customer credit rating, assessment of collaterals, loan review and approval, loan disbursement management, post-loan management, non-performing loan management, and accountability.

The Board and senior management of the Bank are fully aware of the credit risks in various businesses, supervise and organize the identification, measurement, control and mitigation of credit risks. The Board and its special committees approve credit risk management policies and procedures, and evaluate and supervise credit risk management. Senior management and its special committees continuously improve the credit risk management system, formulate clear implementation and accountability mechanisms, study major credit risk matters and response measures, and report to the Board.

The credit and risk management department of the Bank is a functional department responsible for the management of the credit policies, risk management and business monitoring of the Bank; the credit approval department is responsible for the credit management, ratings management and lending control of the Bank, improving the credit approval system and workflow, and organising credit review committee meetings; the credit asset management center is responsible for the collection, disposal and management of risk assets as well as potential risk assets to be disposed of and conduct such procedures by applying list-based or project-based management according to the characteristics of the collection process.

With respect to credit risk control and management, the Bank specifies the respective duties and operating procedure of each department according to the principles of separation of credit investigation and credit approval, separation of management and review, and separation of credit limit and review, and improves the credit approval process of each department. The Bank has established the operating mechanism of the credit approval committee under the collective review system.

During the Reporting Period, the Board of Directors and senior management of the Bank kept abreast of the Bank's asset quality, structural investment, risk mitigation and capital management by reviewing risk management systems, work plans and risk management reports, and supervised the Bank to re-establish its credit risk management system, effectively prevent and control major risks, and proactively control the quality of assets.

## **(II) Operational risk**

Operational risk refers to, in the process of operation and management of a commercial bank, the risk resulting from imperfect governance structure of the legal persons, unsound internal control system, deviation of operational procedures and standards, violation by business personnel of procedural requirements and the failure by the internal control system to effectively identify, warn and prevent non-compliance and improper operation.

The Bank has incorporated operational risk into its comprehensive risk management system, and has built an operational risk governance structure consisting of the Board, senior management, the operational risk management committee and the three lines of defense. The Board is ultimately responsible for monitoring the effectiveness of operational risk management, and senior management is responsible for implementing the operational risk management strategy, overall policies and systems approved by the Board of Directors.

The Bank's internal control and compliance department is responsible for the monitoring, inspection and evaluation of the adequacy and effectiveness of the Bank's operational risk management system and conducts review of the Bank's internal control system and its implementation. The Bank has established a bank of key risk indicators for operational risk and a loss event collection mechanism and risk self-assessment system, and collects and analyzes indicator and data regularly, and reports to the management on the operational risk status.

### (III) Market Risk

Market risk refers to the risk of losses that the Bank may suffer in the Bank's on/off-balance-sheet business as a result of unfavorable changes in market prices, including interest rates, exchange rates, stock prices and commodity prices.

The Bank's exposure to the market risk mainly includes interest rate risk and exchange rate risk. Under the comprehensive risk management framework, the Bank adequately identifies, measures and continuously monitors the market risk in its businesses, in order to control the market risk within the acceptable and reasonable scope.

The market risk management system of the Bank consists of the Board of Directors, the Board of Supervisors, senior management and the market risk business operation department. The Board of Directors and senior management implement effective monitoring of the market risk management system and assume the ultimate responsibility for the implementation of monitoring of market risk management. The Board of Supervisors is responsible for supervising and inspecting the performance of duties and responsibilities of the Board of Directors and senior management, and supervising the rectification. The Bank establishes an independent market risk management committee under the risk management committee at the senior management level to lay a solid foundation for improving the management level and capabilities of market risk.

The Bank's credit and risk management department is responsible for continuously monitoring and assessing the adequacy and effectiveness of the Bank's market risk management system. The assets and liabilities management department, the financial market department, the assets management department and interbank department are responsible for the interest rate risks and exchange rate risks respectively.

#### 1. Interest rate risk

The interest rate risk is reflected by the Bank's exposure to overall revenue and economic value losses as a result of unfavorable changes in key elements such as interest rate and term structure. The Bank classified the transactions as banking account transactions and trading account transactions. The identification, measurement, monitoring and controls over the relevant market risks are based on the nature and characteristics of these accounts. The trading account transactions include the Bank's investments with an intention to sell in the short term and profit from actual or expected short-term price fluctuations or with risk exposures locked in. The banking account transactions represent non-trading businesses. The primary objective of interest rate risk management is to minimize potential adverse effects on the net interest income and the economic value caused by interest rate volatility. The Bank mainly analyses the interest rate risk of banking account transactions.

Interest rate risk is integrated into the overall risk management system. The Bank's asset and liability management department is responsible for the leading management of interest rate risk in the banking book, and other business departments implement interest rate risk management policies and standards according to functional division.

During the Reporting Period, the Bank closely monitored the changes in policies and external interest rate, measured interest rate risks on the banking book on a regular basis, with measurement methods including but not limited to re-pricing of gap risk, duration analysis, simulation of changes in net interest income and economic value, regularly conducted stress tests on interest rate risk in the banking book, and continuously monitored the levels of various indicators to ensure that interest rate risk of the Bank was under control.

The following tables indicate the financial assets and financial liabilities as at the end of the relevant periods by the expected next repricing dates or by maturity dates, whichever is earlier:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	39,894,575	708,746	39,185,829	-	-	-
Deposits with banks and other financial institutions	13,029,422	105,642	12,923,780	-	-	-
Loans to banks and other financial institutions	5,234,448	165,585	5,068,863	-	-	-
Financial assets held under resale agreements	1,562,739	120	1,562,619	-	-	-
Loans and advances to customers <sup>(1)</sup>	574,786,656	38,381,189	225,751,246	181,962,064	115,888,737	12,803,420
Investments <sup>(2)</sup>	167,406,462	7,099,264	16,026,344	5,052,178	61,884,009	77,344,667
Finance lease receivables <sup>(3)</sup>	2,188,330	-	1,655,081	-	533,249	-
Others	22,448,989	22,319,031	18,249	111,709	-	-
<b>Total assets</b>	<b>826,551,621</b>	<b>68,779,577</b>	<b>302,192,011</b>	<b>187,125,951</b>	<b>178,305,995</b>	<b>90,148,087</b>
<b>Liabilities</b>						
Borrowing from the central bank	1,267,480	708	493,138	773,634	-	-
Deposits from banks and other financial institutions	132,673,234	1,107,225	30,842,179	50,199,500	50,524,330	-
Borrowings from banks and other financial institutions	14,932,059	80,986	12,407,113	2,443,960	-	-
Financial assets sold under repurchase agreements	82,025,037	72,426	79,952,611	2,000,000	-	-
Deposits from customers	484,632,287	10,786,915	112,528,923	167,984,596	193,201,561	130,292
Debt securities payable	36,091,538	52,625	20,013,442	12,029,106	-	3,996,365
Others	3,940,114	3,307,353	124,853	359,563	107,931	40,414
<b>Total liabilities</b>	<b>755,561,749</b>	<b>15,408,238</b>	<b>256,362,259</b>	<b>235,790,359</b>	<b>243,833,822</b>	<b>4,167,071</b>
<b>Asset-liability gap</b>	<b>70,989,872</b>	<b>53,371,339</b>	<b>45,829,752</b>	<b>(48,664,408)</b>	<b>(65,527,827)</b>	<b>85,981,016</b>

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2021					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	49,105,274	685,099	48,420,175	–	–	–
Deposits with banks and other financial institutions	10,359,233	102,715	10,256,518	–	–	–
Loans to banks and other financial institutions	5,547,196	689,307	4,857,889	–	–	–
Financial assets held under resale agreements	4,905,630	522	4,905,108	–	–	–
Loans and advances to customers <sup>(1)</sup>	586,322,888	35,895,690	188,693,787	209,755,817	137,280,451	14,697,143
Investments <sup>(2)</sup>	168,411,876	6,511,171	18,252,124	5,433,172	55,730,465	82,484,944
Finance lease receivables <sup>(3)</sup>	2,515,169	–	1,173,518	–	1,341,651	–
Others	22,494,736	22,393,557	62,189	38,990	–	–
<b>Total assets</b>	<b>849,662,002</b>	<b>66,278,061</b>	<b>276,621,308</b>	<b>215,227,979</b>	<b>194,352,567</b>	<b>97,182,087</b>
<b>Liabilities</b>						
Borrowing from the central bank	1,438,896	901	2,859	1,435,136	–	–
Deposits from banks and other financial institutions	137,348,637	1,103,370	45,963,437	25,205,000	65,076,830	–
Borrowings from banks and other financial institutions	17,315,110	88,203	15,991,006	1,235,901	–	–
Financial assets sold under repurchase agreements	107,181,604	192,120	106,011,606	977,878	–	–
Deposits from customers	476,072,906	10,869,833	121,956,607	161,086,592	182,152,048	7,826
Debt securities payable	35,297,113	150,893	25,006,475	6,143,380	–	3,996,365
Others	3,997,447	3,336,920	181,888	327,697	106,034	44,908
<b>Total liabilities</b>	<b>778,651,713</b>	<b>15,742,240</b>	<b>315,113,878</b>	<b>196,411,584</b>	<b>247,334,912</b>	<b>4,049,099</b>
<b>Asset-liability gap</b>	<b>71,010,289</b>	<b>50,535,821</b>	<b>(38,492,570)</b>	<b>18,816,395</b>	<b>(52,982,345)</b>	<b>93,132,988</b>

## Notes:

- (1) For loans and advances to customers, the category “less than three months” includes overdue amounts as at the end of the Reporting Period (net of provision for impairment losses) of RMB9,199 million (31 December 2021: RMB7,190 million).
- (2) Investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost. For investments, the category “less than three months” includes overdue amounts as at the end of the Reporting Period (net of provision for impairment losses) of RMB1,303 million (31 December 2021: RMB1,118 million).
- (3) For finance lease receivables, the category “less than three months” includes overdue amounts as at the end of the Reporting Period (net of provision for impairment losses) of RMB1,655 million (31 December 2021: RMB1,167 million).

The Bank uses sensitivity analysis to measure the potential impact of changes in interest rate on its net profit and shareholders' equity. The following table sets forth, as of the dates indicated, the results of the interest rate sensitivity analysis based on the assets and liabilities as of the same dates:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2022		2021	
	Changes in net profit	Changes in shareholders' equity	Changes in net profit	Changes in shareholders' equity
Increase by 100 basis points	597,036	1,695,990	920,613	1,803,162
Decrease by 100 basis points	(630,418)	(1,781,643)	(930,500)	(1,867,204)

## 2. Foreign exchange risk

Exchange rate risk refers to the risk of loss in foreign exchange exposure arising from unbalanced currency structure of the foreign exchange assets and liabilities due to adverse movements in exchange rates. The objective of exchange rate risk management is to ensure the impact of exchange rate changes on the Bank's financial position and shareholders' equity is kept within an acceptable range.

Exchange rate risk is incorporated into the comprehensive risk management system. The Bank's asset and liability management department is responsible for leading management of foreign exchange rate risk, and other business departments implement foreign exchange rate risk management policies and standards according to functional division.

During the Reporting Period, the Bank closely monitored changes in the external environment and market conditions, and actively applied a number of portfolio management measures such as limit management and risk hedging to adjust and optimize the total amount and structure of foreign exchange assets and liabilities, so that the exchange rate risk of the Bank was under control.

The Bank's currency exposures as at the end of the relevant periods are as follows:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022			Total
	RMB	USD	Others	
	(RMB equivalent)	(RMB equivalent)		
<b>Assets</b>				
Cash and deposits with the central bank	39,784,858	104,301	5,416	39,894,575
Deposits with banks and other financial institutions	12,341,390	605,272	82,760	13,029,422
Loans to banks and other financial institutions	5,234,448	–	–	5,234,448
Loans and advances to customers	574,647,451	137,089	2,116	574,786,656
Others	188,907,325	4,699,195	–	193,606,520
<b>Total assets</b>	<b>820,915,472</b>	<b>5,545,857</b>	<b>90,292</b>	<b>826,551,621</b>
<b>Liabilities</b>				
Borrowing from the central bank	1,267,480	–	–	1,267,480
Deposits from banks and other financial institutions	132,673,234	–	–	132,673,234
Borrowings from banks and other financial institutions	14,770,505	161,554	–	14,932,059
Deposits from customers	483,538,233	1,067,613	26,441	484,632,287
Debt securities payable	36,091,538	–	–	36,091,538
Others	85,594,604	370,547	–	85,965,151
<b>Total liabilities</b>	<b>753,935,594</b>	<b>1,599,714</b>	<b>26,441</b>	<b>755,561,749</b>
<b>Net position</b>	<b>66,979,878</b>	<b>3,946,143</b>	<b>63,851</b>	<b>70,989,872</b>
<b>Off-balance sheet credit commitments</b>	<b>50,775,251</b>	<b>261,449</b>	<b>–</b>	<b>51,036,700</b>

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2021			Total
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	
<b>Assets</b>				
Cash and deposits with the central bank	49,000,749	104,255	270	49,105,274
Deposits with banks and other financial institutions	9,864,106	438,440	56,687	10,359,233
Loans to banks and other financial institutions	5,547,196	–	–	5,547,196
Loans and advances to customers	586,279,381	40,294	3,213	586,322,888
Others	193,969,677	4,357,734	–	198,327,411
<b>Total assets</b>	<b>844,661,109</b>	<b>4,940,723</b>	<b>60,170</b>	<b>849,662,002</b>
<b>Liabilities</b>				
Borrowing from the central bank	1,438,896	–	–	1,438,896
Deposits from banks and other financial institutions	137,348,637	–	–	137,348,637
Borrowings from banks and other financial institutions	17,027,933	287,177	–	17,315,110
Deposits from customers	474,809,336	1,243,159	20,411	476,072,906
Debt securities payable	35,297,113	–	–	35,297,113
Others	110,985,504	193,547	–	111,179,051
<b>Total liabilities</b>	<b>776,907,419</b>	<b>1,723,883</b>	<b>20,411</b>	<b>778,651,713</b>
<b>Net position</b>	<b>67,753,690</b>	<b>3,216,840</b>	<b>39,759</b>	<b>71,010,289</b>
<b>Off-balance sheet credit commitments</b>	<b>73,299,579</b>	<b>471,644</b>	<b>–</b>	<b>73,771,223</b>

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022		As at 31 December 2021	
	RMB	USD equivalent	RMB	USD equivalent
On-balance-sheet net foreign exchange exposures	4,009,994	597,490	3,256,599	510,783
Off-balance-sheet net foreign exchange exposures	(1,595,121)	(237,673)	(1,047,761)	(164,337)
<b>Total net foreign exchange exposures</b>	<b>2,414,873</b>	<b>359,817</b>	<b>2,208,838</b>	<b>346,446</b>

The Bank uses sensitivity analysis to measure the potential impact of changes in exchange rate on its net profit and shareholders' equity. The following table sets forth, as of the dates indicated, the results of the exchange rate sensitivity analysis based on the assets and liabilities as at the same dates:

(Expressed in thousands of Renminbi, unless otherwise stated) Type of Currencies	Fluctuation of foreign exchange rates	For the six months ended 30 June			
		2022		2021	
		Changes in net profit	Changes in shareholders' equity	Changes in net profit	Changes in shareholders' equity
USD	1%	18,112	18,112	19,763	19,763
USD	-1%	(18,112)	(18,112)	(19,763)	(19,763)

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and is based on the following assumptions:

- The foreign exchange sensitivity represents the gain and loss on foreign exchange recognised as a result of the fluctuation of the foreign currency exchange rates against RMB by 1%;
- The fluctuation of exchange rates by 1% on the balance sheet date is based on the assumption of the fluctuation of exchange rates over the next full year from the balance sheet date;
- The exchange rates against RMB for the US dollars change in the same direction simultaneously. Due to the immaterial proportion of the Bank's other foreign currency assets and liabilities denominated in non-US dollar to total assets and liabilities, the calculation of the amount of USD equivalent of other foreign currencies in the above sensitivity analysis shall have potential impacts on the Bank's net profit and shareholders' equity;
- The foreign exchange exposures calculated include spot and forward foreign exchange exposures and swaps;
- Other variables (including interest rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the Bank.

Due to the above assumptions adopted, actual changes in the Bank's net profit and shareholders' equity resulting from the increase or decrease in foreign exchange rates might vary from the results of this sensitivity analysis.

**(IV) Liquidity Risk**

Liquidity risk represents the risk that a commercial bank is unable to raise sufficient funds at reasonable costs in a timely manner to satisfy its due liabilities, to perform other payment obligations and to satisfy other funds requirements of normal businesses. In extreme cases, liquidity insufficiency can lead to settlement risks of commercial banks. Significant growth in the demand for credit facilities, substantial performance of loan commitments, unexpected increase in non-performing loans, sharp decrease in deposit level and financing difficulties in the currency market may affect the Bank's liquidity. Meanwhile, adjustment in financial policies, dramatic changes in interest rates in the market, the asset and liability structure and liquidity management capability of the Bank are also important factors which affect the Bank's liquidity.

The Group has established asset and liability management strategies and liquidity management policy incorporated into its comprehensive risk management system. The Bank's Board of Directors is responsible for reviewing and approving its liquidity risk appetite, liquidity risk management strategies, significant policies and procedures, continuously paying attention to its liquidity risk profile, regularly reviewing liquidity risk reports, and keeping abreast of its liquidity risk level, management status and its major changes. The asset and liability management committee of the Bank is responsible for Bank-wide liquidity management and establishes liquidity management objectives according to the requirements and regulatory indicators for asset and liability management at the beginning of each year.

The asset and liability management department of the Bank is responsible for the identification, measurement, monitoring and control of the Bank's liquidity risk, while members of the asset and liability management committee is responsible for implementation of the liquidity management policies.

During the Reporting Period, the Bank paid close attention to the pressure on liquidity management arising from changes in the economic and financial situation, improved the level of refinement in liquidity management. The Bank coordinated the sources of funds and the scale and pace of fund operations, and reasonably arranged the funds available to the Bank according to the capital situation to support the balanced and steady development of various asset and liability businesses. The Bank continued to strengthen the forecast of large-sum funds and the management of fund monitoring, enhanced the ability to predict market changes, and improved the identification, measurement and monitoring of liquidity risk. The Bank timely conducted liquidity gap forecasts and liquidity stress tests at key time points, taking into account the market environment and business situation, and formulated emergency measures; strengthened the management of liquidity indicators, and actively took effective measures to promote continuous improvement of indicators and improve liquidity risk resilience.

The following tables provide an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment at the end of the relevant periods:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2022							Total
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	37,088,212	2,806,363	-	-	-	-	-	39,894,575
Deposits with banks and other financial institutions	-	13,029,422	-	-	-	-	-	13,029,422
Loans to banks and other financial institutions	-	-	-	5,234,448	-	-	-	5,234,448
Financial assets held under resale agreements	-	-	1,562,739	-	-	-	-	1,562,739
Loans and advances to customers	8,088,379	2,317,862	28,023,292	185,492,461	190,959,816	137,847,542	22,057,304	574,786,656
Investments	2,571,195	7,760,744	1,921,990	6,943,829	5,457,869	62,784,901	79,965,934	167,406,462
Finance lease receivables	1,655,081	-	-	-	-	533,249	-	2,188,330
Others	22,319,031	-	10,714	7,535	111,709	-	-	22,448,989
<b>Total assets</b>	<b>71,721,898</b>	<b>25,914,391</b>	<b>31,518,735</b>	<b>197,678,273</b>	<b>196,529,394</b>	<b>201,165,692</b>	<b>102,023,238</b>	<b>826,551,621</b>
<b>Liabilities</b>								
Borrowing from the central bank	-	-	301,479	191,966	774,035	-	-	1,267,480
Deposits from banks and other financial institutions	-	5,794,447	11,282,121	13,952,239	50,645,722	50,998,705	-	132,673,234
Borrowings from banks and other financial institutions	-	-	8,599,964	3,852,998	2,479,097	-	-	14,932,059
Financial assets sold under repurchase agreements	-	-	78,725,292	1,299,097	2,000,648	-	-	82,025,037
Deposits from customers	-	62,496,138	18,815,935	33,759,477	171,820,812	197,605,926	133,999	484,632,287
Debt securities payable	-	-	7,942,555	12,103,757	12,048,861	-	3,996,365	36,091,538
Others	-	3,314,525	70,723	46,958	359,563	107,931	40,414	3,940,114
<b>Total liabilities</b>	<b>-</b>	<b>71,605,110</b>	<b>125,738,069</b>	<b>65,206,492</b>	<b>240,128,738</b>	<b>248,712,562</b>	<b>4,170,778</b>	<b>755,561,749</b>
<b>Asset-liability gap</b>	<b>71,721,898</b>	<b>(45,690,719)</b>	<b>(94,219,334)</b>	<b>132,471,781</b>	<b>(43,599,344)</b>	<b>(47,546,870)</b>	<b>97,852,460</b>	<b>70,989,872</b>

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 31 December 2021							Total
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	37,646,461	11,458,813	-	-	-	-	-	49,105,274
Deposits with banks and other financial institutions	-	10,359,233	-	-	-	-	-	10,359,233
Loans to banks and other financial institutions	173,266	-	-	5,373,930	-	-	-	5,547,196
Financial assets held under resale agreements	-	-	4,905,630	-	-	-	-	4,905,630
Loans and advances to customers	8,758,862	2,319,030	17,653,147	177,505,981	214,009,062	144,150,494	21,926,312	586,322,888
Investments	2,625,307	7,247,276	1,414,517	10,369,744	5,782,618	56,554,938	84,417,476	168,411,876
Finance lease receivable	1,695,074	-	-	6,853	-	813,242	-	2,515,169
Others	22,393,557	-	25,868	36,321	38,990	-	-	22,494,736
<b>Total assets</b>	<b>73,292,527</b>	<b>31,384,352</b>	<b>23,999,162</b>	<b>193,292,829</b>	<b>219,830,670</b>	<b>201,518,674</b>	<b>106,343,788</b>	<b>849,662,002</b>
<b>Liabilities</b>								
Borrowing from the central bank	-	-	559	2,300	1,436,037	-	-	1,438,896
Deposits from banks and other financial institutions	-	2,121,099	14,708,109	29,423,713	25,467,894	65,627,822	-	137,348,637
Borrowings from banks and other financial institutions	-	-	10,412,998	5,659,752	1,242,360	-	-	17,315,110
Financial assets sold under repurchase agreements	-	-	49,717,406	56,483,615	980,583	-	-	107,181,604
Deposits from customers	-	58,983,379	17,035,028	48,771,107	164,862,959	186,412,275	8,158	476,072,906
Debt securities payable	-	-	7,558,918	17,568,691	6,173,139	-	3,996,365	35,297,113
Others	-	3,343,792	48,130	126,886	329,389	104,342	44,908	3,997,447
<b>Total liabilities</b>	<b>-</b>	<b>64,448,270</b>	<b>99,481,148</b>	<b>158,036,064</b>	<b>200,492,361</b>	<b>252,144,439</b>	<b>4,049,431</b>	<b>778,651,713</b>
<b>Asset-liability gap</b>	<b>73,292,527</b>	<b>(33,063,918)</b>	<b>(75,481,986)</b>	<b>35,256,765</b>	<b>19,338,309</b>	<b>(50,625,765)</b>	<b>102,294,357</b>	<b>71,010,289</b>

As at the end of the Reporting Period and as at 31 December 2021, the net stable funding ratio of the Bank was 122.60% and 121.17%, respectively.

As at the end of the Reporting Period, the stable funds available to the Bank were RMB571,416 million and the required stable funds were RMB466,069 million.

## (V) Information Technology Risk

Information technology risk includes operational risk, legal risk, reputational risk and other types of risks caused by natural factors, human errors, technical loopholes and management failure in the operation of information technology of the Bank.

The Bank has established an information technology risk management system and incorporated information technology risks into the overall risk management system by setting up a corresponding organizational structure, including the Board, the Fintech Development Committee, the information technology management department, the information technology risk management responsibility department, and the audit responsibility department.

The Bank has formulated and continuously improve relevant policies for information technology risks. Led by the internal control and compliance department, the Bank's information technology department and the internal control and compliance department jointly undertake the function of the second line of defense for information technology risk management, through which effective strategy mechanism has been established to identify, monitor and control technology risks, so as to ensure the continuous operation of our businesses and continuously improve information technology risk management level.

## (VI) Reputation Risk

Reputation risk refers to the risk resulting from negative comments to the Bank by its stakeholders, the public and the media as results of the Bank's operating unit action, employee behaviour or external events, which may damage the Bank's brand value, adversely affect its normal operations, and even affect market stability and social stability. Reputation risk management refers to the process and method of establishing a sound reputation risk management system in accordance with reputation risk management objectives and planning, and providing assurance for achieving the overall objectives of reputation risk management through daily reputation risk management and proper handling of reputation risk events.

The Board of Directors, Board of Supervisors and senior management of the Bank assume the ultimate responsibility for reputation risk management, supervisory responsibility and management responsibility, respectively. The Board of Directors is responsible for determining the reputation risk management strategy and overall objectives, grasping the status of reputation risk, and supervising senior management in carrying out reputation risk management. The Bank's office is the lead management department for reputation risk, and its duties and responsibilities include guiding and coordinating other functional departments, branches and subsidiaries to implement the requirements of the reputation risk management system, and taking the lead in identifying and coordinating the management of reputation risks and reputation events.

During the Reporting Period, the Bank revised its reputation risk management approach, standardized and improved internal management of major emergencies and emergency response, actively publicize its contributions in reform and restructuring, operation and development, service to regional economy and social responsibility, continuously improved the reputation risk management mechanism, strengthened reputation risk check, identification, monitoring, control and solution, enhanced training, emphasized practices and improved the level of reputation risk control.

### **(VII) Country Risk**

Country risk refers to the risk that the borrowers or debtors of a country or region are unable or refuse to repay the debts of a bank, or causes the bank's business in the country or region to suffer losses, or causes the bank to suffer other losses due to economic, political and social changes and events. It may be triggered by economic deterioration, political and social turmoil, nationalization or expropriation of property, government repudiation of foreign debts, foreign exchange control or currency depreciation in the country or region.

The Bank incorporates the country risk management into its overall risk management system and regularly identifies, measures, evaluates and monitors country risk in accordance with regulatory requirements, and manages the limits and dynamically adjusts them in accordance with changes in country risk. The Bank's country risk rating system is mainly based on the sovereign rating results of external rating agencies.

As at the end of the Reporting Period, the Bank's assets involved in country risk exposure were relatively small in size and the level of country risk was relatively low, and full provision for country risk had been made in accordance with regulatory requirements. The country risk will not have a material impact on the Bank's business operations.

### **(VIII) Anti-money Laundering Management**

The Bank continuously practiced the "risk-oriented" working philosophy on anti-money laundering and earnestly fulfilled its anti-money laundering obligations. It implemented national laws, regulations and regulatory policies on anti-money laundering as well as the requirements of PBOC and relevant regulatory authorities to constantly improve the compliance and effectiveness of anti-money laundering management, seriously implement measures on the control of money laundering risks and steadily enhance the standard of anti-money laundering.

During the Reporting Period, the Bank continued to perfect the internal control system on anti-money laundering, and formed an anti-money laundering work system with a sound organizational structure, a rational structure, clear responsibilities and complete mechanisms. The Bank earnestly carried out customer identification and due diligence, submitted reports on large-scale transactions and suspicious transactions in a timely manner, classified reasonable division and adjustment toward customer risk levels, continuously optimized its abnormal transaction monitoring models and rules of anti-money laundering system, gradually implemented self-evaluation of money laundering risk, enhanced internal supervision and management on anti-money laundering, organized and carried out publicity and education on anti-money laundering to promote the continuous improvement of the Bank's anti-money management.

**(IX) Anti-corruption work**

The Bank attached great importance to its work in combating corruption and upholding integrity, and strictly complied with party policies and regulations as well as national laws and regulations, thus continuously promoting the system construction for punishment and prevention of corruption. By improving the integrity files of leading cadres, organizing the signing of Responsibility Letter for the Construction of an Integrity CCP 《黨風廉政建設責任書》 and other forms in each year, the implementation of “Double Duty for One Post” was strengthened. Through organizing and convening warning education conferences, watching special warning education films, and setting up a column of integrity culture on the Bank’s website and other forms, various measures have been taken to strengthen the party conduct and clean government education, and solidly promote the construction of integrity culture. The Bank paid close attention to important positions in key fields and to the “key minority”, intensified efforts to investigate abnormal behaviors, constantly combated against “formalism, bureaucracy, hedonism and extravagance”, and resolutely curbed the occurrence of violations of regulations and disciplines. For report received from the public or clues from the higher-level discipline inspection commission and regulators, the Bank enhanced efforts to investigate and punish for self-handling cases by precisely using the “four forms” of supervision and discipline enforcement. The Bank adhered to no restricted area, full coverage and zero tolerance. For incipient and tendentious issues, the Bank provided education and guidance by way of interview reminders and admonition talks. For those who violate rules and disciplines, the Bank imposed party, administrative and disciplinary actions according to rules and disciplines. For suspected illegal and criminal issues clues, the Bank timely reported with the supervisory and judicial organs. The Bank continued to strengthen anti-corruption and integrity promotion, enhanced its internal supervision and management, persevered in upholding disciplines, and continuously purified the political ecology.

**(X) Protection of Consumer Rights**

The Bank attached great importance to the protection of consumer rights, continued to strengthen the construction of the systems and mechanisms for the protection of consumer rights, revised and improved various systems for the protection of consumer rights, promoted the implementation of the whole-process control over the protection of consumer rights, organized training on the protection of consumer rights, continuously raised the awareness of the protection of consumer rights of the Bank and earnestly fulfilled the primary responsibilities on the protection of consumer rights. Combining the requirements on epidemic prevention and control, the Bank established a three-dimensional “online + offline” education model, and actively launched financial knowledge education activities such as “3.15 Financial Consumer Rights Day”, “2022 Ten Thousand Miles Journey to Popularize Financial Knowledge”, and “Promoting Financial Knowledge, Keeping the ‘Money Bag’” to enhance the financial literacy and risk prevention awareness of the public.

The Bank firmly adhered to the philosophy of “customer-centric” and continuously improved the quality and efficiency in handling complaints through facilitating complaint channels, optimizing handling procedures, strengthening statistics and analysis and other methods, and taking other measures. During the Reporting Period, the Bank received a total of 71 consumer complaints, mainly involving RMB savings, bank cards, payment settlement, loans and intermediary business. The regional distribution of complaints was mainly in Liaoning, Beijing, Tianjin and Heilongjiang. The Bank made full use of diversified dispute resolutions to actively and properly handle consumer complaints. The on-time feedback rate and the settlement rate of the Bank for consumer complaints was 100% and 100%, respectively.

## V. Internal Control and Internal Audit

### (I) Internal Control

The Bank has established a standardized corporate governance structure and the rules of procedures in accordance with the Commercial Bank Law of the PRC 《中華人民共和國商業銀行法》, the Basic Norms of Corporate Internal Control 《企業內部控制基本規範》 and its supporting guidelines, the Guidelines on Internal Control of Commercial Banks 《商業銀行內部控制指引》 and other related laws and regulations and the Articles of Association, through a standardized internal control organization structure to delineate the duties and permitted authorities in the areas of decision-making, implementation supervision and reporting, so as to form a scientific and effective mechanism for the division of responsibilities and balance of powers.

The Board of Directors of the Bank, as the decision-making body, is responsible to the general meeting and is ultimately accountable for the Bank's internal controls, and the Board of Directors and its Risk Management Committee are accountable to and report to the general meeting for the internal controls; the Board of Supervisors, as the supervisory body, represents the general meeting and supervises the performance of the internal control duties of the Board of Directors and its Risk Management Committee, senior management and the internal control and compliance department under its leadership; the senior management, as the executive body, leads the Internal Control and Compliance Department and implements the decisions of the Board of Directors and its Risk Management Committee regarding the decisions of the Bank's internal controls, and reports to the Board of Directors and its Risk Management Committee; the Internal Control and Compliance Department assumes responsibility for internal control management and works under the leadership of senior management and maintains its independence; on behalf of the Board of Directors, the Internal Audit Department provides oversight of the performance of internal control and compliance duties by the senior management and the Internal Control and Compliance Department under its direction. The internal control compliance departments of each branch reports to the Head Office of the internal control compliance department and the management at this level in two lines, and the internal control and compliance officers of each unit report to the internal control and compliance department at the same level (or higher level) and the person chiefly in charge of the unit in two lines.

During the Reporting Period, the Bank comprehensively strengthened its internal controls, launched various kinds of activities under the theme of internal control and compliance as well as continuously improved its system, focusing on the core concept of compliance culture of "legal compliance and sound control, everyone is responsible for the unity of knowledge and practice and risk management with high efficiency and stability", implementing the primary responsibilities, consolidating basic management, preventing and controlling key risks, strengthening inspection and evaluation, seriously implementing accountability for rectification and solidifying the compliance culture to comprehensively enhance compliance management capability and internal control level and provide internal control and compliance guarantee for the Bank's stable operation.

**(II) Internal Audit**

The Bank has established an independent and vertical internal audit management system and a corresponding internal audit reporting path. The Audit Committee is formed under the Board of Directors to conduct audit and supervision on the progress of internal audit work. The Internal Audit Department is accountable to the Board of Directors and the Audit Committee, and has laid the foundation for carrying out independent and objective internal audit work. The Internal Audit Department of the Bank is authorized by the Board of Directors to conduct internal audits independently, the scope of audit covers all business lines and branches and sub-branches of the Bank, without interference from other departments and individuals, and it will not participate in the specific operating activities within the scope of duties of other departments. The Bank adheres to the principles of independence, objectivity, materiality, confidentiality, prudence and avoidance, and carries out auditing activities in an orderly manner in accordance with the risk-oriented audit vision to promote sound operations and value enhancement of the Bank.

During the Reporting Period, the Internal Audit Department of the Bank focused on the development strategy of the Bank, continued to improve the audit system, standardized the audit workflow, actively promoted audit transformation, focused on key areas and critical links, strengthened audit supervision, applied a systematic and standardized approach, reviewed, evaluated and supervised the improvements in the business operations, risk management, internal control compliance and corporate governance of the Company, and gradually enhanced the performance of the internal audit function.

## VI. Future Prospects

In the first half of 2022, the Bank maintained a safe and stable development pattern by continuously improving the quality of its operations, promoting management reforms, strengthening technology-empowered innovation, and coordinating operational development with serving the regional economy.

Currently, as global epidemic keeps changing and international political and economic environment becomes more challenging and uncertain, the domestic economy is facing the three levels of pressure from reduction of demand, impact on supply and weakening prospects. Confronted with such challenges, the Bank will continue to follow the guidance of Xi Jinping's thoughts on Socialism with Chinese Characteristics for a New Era, fully implemented the spirit of 19th National Congress of the Communist Party of China and the Fifth and Sixth Plenary Sessions of the 19th Central Committee of the Party and adhered to the development concept of "compliance, innovation, coordination and quality". With the "1226" development strategy as guidance, the Bank practiced the corporate mission of creating value for shareholders, wealth for customers, welfare for employees and contribution to society and adhered to the positioning of serving the local economy, private small and micro enterprises and urban and rural residents to support the development of the real economy. It maintained the development orientation of "rooted in Jinzhou, based in Liaoning, facing northeast China, expanding into Beijing, Tianjin and Hebei, and support the development of key national regions". The Bank took differentiated and distinctive products and services as the two directions of its development strategy. Driven by technology and supported by talent development, the Bank took the path of inherent high quality development and insisted on "leading by party building and scientific governance" as the center, steadily promoted the six initiatives of "business transformation and structure optimization", "building a solid foundation by legal compliance and risk control", "revitalizing the Bank through technology empowerment", "incentive protection and sustainable development", "cost reduction and efficiency enhancement to improve management" and "leveraging on the momentum and shareholder empowerment". The Bank will seize the opportunities from policies, focus on new development areas, continuously optimize corporate governance mechanism, strive to improve management quality, solidify the construction of comprehensive risk management system, enhance group strategy synergy and business synergy, continuously promote the adjustment of business structure, further improve asset capacity and strengthen operational resilience and development driving forces, to achieve a steady and sustained trend of overall business operation.

# CHAPTER 4 CHANGES IN ORDINARY SHARES AND PARTICULARS OF SHAREHOLDERS

## I. Changes in Ordinary Shares of the Bank

### (I) Share Capital

During the Reporting Period, there was no change in the share capital of the Ordinary Shares of the Bank. As at the end of the Reporting Period, the total number of issued Ordinary Shares of the Bank were 13,981,615,684 Shares, comprising of 10,464,295,684 Domestic Shares and 3,517,320,000 H Shares, and the total share capital of the Bank amounted to RMB13,981,615,684.

### (II) Chart on Changes in the Number of Shares

	As at 31 December 2021		Changes during the Reporting Period			As at 30 June 2022	
	Number of Shares	Percentage (%)	Issues of New Shares	Others	Sub-Total	Number of Shares	Percentage (%)
1. Domestic Shares held by legal persons	10,386,698,558	74.29	-	-	-	10,386,698,558	74.29
Of which: (1) Shares held by state-owned legal person	8,077,152,073	57.77	-	-	-	8,077,152,073	57.77
(2) Shares held by private legal persons	2,309,546,485	16.52	-	-	-	2,309,546,485	16.52
2. Domestic Shares held by natural persons	77,597,126	0.55	-	-	-	77,597,126	0.55
3. H Shares	3,517,320,000	25.16	-	-	-	3,517,320,000	25.16
<b>Total</b>	<b>13,981,615,684</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,981,615,684</b>	<b>100.00</b>

## II. Particulars of Ordinary Shareholders of the Bank

### (I) Shareholding of the Shareholders

As at the end of the Reporting Period, the Bank had an aggregate 13,981,615,684 Ordinary Shares in issue, comprising of 10,464,295,684 Domestic Shares and 3,517,320,000 H Shares.

As at the end of the Reporting Period, the total number of holders of Domestic Shares was 2,223.

#### Shareholding of the Top Ten Holders of Domestic Shares as at the End of the Reporting Period

No.	Name of Shareholders	Nature of Shareholding	Total Number of Shares Held	Percentage of Total Shareholding (%)	Pledged Shares
1	Beijing Chengfang Huida Enterprise Management Co., Ltd. (北京成方匯達企業管理有限公司)	State-owned	5,270,000,000	37.69	–
2	Liaoning Financial Holding Group Co., Ltd. (遼寧金融控股集團有限公司)	State-owned	930,000,000	6.65	–
3	ICBC Financial Asset Investment Co., Limited (工銀金融資產投資有限公司)	State-owned	841,822,258	6.02	–
4	Cinda Investment Co., Ltd. (信達投資有限公司)	State-owned	505,093,350	3.61	–
5	China Greatwall Assets Management Co., Ltd. (中國長城資產管理股份有限公司)	State-owned	400,236,465	2.86	–
6	Yinchuan Baota Refined Chemical Industry Co., Ltd. (銀川寶塔精細化工有限公司)	Private	250,000,000	1.79	250,000,000
7	Greenland Financial Holdings Group Company Limited (綠地金融投資控股集團有限公司)	Private	150,000,000	1.07	–
8	Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司)	State-owned	130,000,000	0.93	–
9	Jinzhou Daxing Construction Group Co., Ltd. (錦州大興建設集團有限公司)	Private	110,000,000	0.79	–
10	Kong Sun Yongtai Investment Holdings Limited (江山永泰投資控股有限公司)	Private	107,500,000	0.77	107,500,000
<b>Total</b>			<b>8,694,652,073</b>	<b>62.19</b>	<b>357,500,000</b>

**Interests and Short Positions of Substantial Shareholders and Other Persons**

As at the end of the Reporting Period, the following persons, other than the Directors, Supervisors and chief executives of the Bank, had interests or short positions in the Shares or underlying shares of the Bank, which were required to be recorded in the register maintained by the Bank pursuant to section 336 of the SFO:

Name of Shareholders	Nature of Interests	Class of Shares	Number of Shares held directly or indirectly <sup>(1)</sup> (Share)	Approximate Percentage of the Issued Class of Shares of the Bank <sup>(1)</sup> (%)	Approximate Percentage of the Total Issued Ordinary Shares of the Bank <sup>(1)</sup> (%)
<b>Domestic Shares</b>					
Beijing Chengfang Huida Enterprise Management Co., Ltd. (北京成方匯達企業管理有限公司) <sup>(2)</sup>	Beneficial Owner	Domestic Shares	5,270,000,000 (L)	50.36	37.69
Huida Asset Management Co., Ltd. (匯達資產託管有限責任公司) <sup>(2)</sup>	Interest of Controlled Corporation	Domestic Shares	5,270,000,000 (L)	50.36	37.69
Liaoning Financial Holding Group Co., Ltd. (遼寧金融控股集團有限公司)	Beneficial Owner	Domestic Shares	930,000,000 (L)	8.89	6.65
ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司) <sup>(3)</sup>	Beneficial Owner	Domestic Shares	841,822,258 (L)	8.04	6.02
Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) <sup>(3)</sup>	Interest of Controlled Corporation	Domestic Shares	841,822,258 (L)	8.04	6.02
Central Huijin Investment Ltd. (中央匯金投資有限責任公司) <sup>(3)</sup>	Interest of Controlled Corporation	Domestic Shares	841,822,258 (L)	8.04	6.02
<b>H Shares</b>					
Wah Li (Hong Kong) Limited <sup>(4)</sup>	Beneficial Owner	H Shares	247,042,000 (L)	7.02	1.77
Chiu Yung <sup>(4)</sup>	Interest of Controlled Corporation	H Shares	247,042,000 (L)	7.02	1.77
Ng Ching <sup>(4)</sup>	Interests of Spouse	H Shares	247,042,000 (L)	7.02	1.77
Grand Fortune Venture Limited <sup>(5)</sup>	Beneficial Owner	H Shares	201,700,000 (L)	5.73	1.44
Xuzhou Zhong'an Mining Services Ltd. (徐州中安礦業服務有限公司) <sup>(5)</sup>	Interest of Controlled Corporation	H Shares	201,700,000 (L)	5.73	1.44
Zhang Yuan (張遠) <sup>(5)</sup>	Interest of Controlled Corporation	H Shares	201,700,000 (L)	5.73	1.44
Beijing Jingyuan Wanlong Investment Management Company Ltd. (北京京元萬隆投資管理有限責任公司) <sup>(6)</sup>	Interest of Controlled Corporation	H Shares	200,000,000 (L)	5.69	1.43
Li Feng (李鳳) <sup>(6)</sup>	Interest of Controlled Corporation	H Shares	200,000,000 (L)	5.69	1.43
Wang Xiaoliang (王曉亮) <sup>(6)</sup>	Interest of Controlled Corporation	H Shares	200,000,000 (L)	5.69	1.43

Notes:

- (1) As at the end of the Reporting Period, the Bank had an aggregate 13,981,615,684 Ordinary Shares in issue, comprising of 10,464,295,684 Domestic Shares and 3,517,320,000 H Shares. (L) represents long positions.
- (2) Such Shares are held by Chengfang Huida, which is wholly-owned by Huida Asset Management Co., Ltd. (匯達資產託管有限責任公司, “**Huida Asset Management**”). Under the SFO, Huida Asset Management is deemed to be interested in all the Shares held by Chengfang Huida.
- (3) Such Shares are held by ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司, “**ICBC Investment**”), which is wholly-owned by ICBC, which is in turn held by Central Huijin Investment Ltd. (中央匯金投資有限責任公司, “**Central Huijin**”) as to 34.71%. Under the SFO, ICBC and Central Huijin are deemed to be interested in all the Shares held by ICBC Investment.
- (4) Such Shares are held by Wah Li (Hong Kong) Limited (香港華麗有限公司), which is wholly-owned by Chiu Yung, and Ng Ching is the spouse of Chiu Yung. Under the SFO, Chiu Yung and Ng Ching are deemed to be interested in all the Shares held by Wah Li (Hong Kong) Limited.
- (5) Such Shares are held by Grand Fortune Venture Limited, which is wholly-owned by Xuzhou Zhong’an Mining Services Ltd. (徐州中安礦業服務有限公司, “**Xuzhou Zhong’an**”), which is in turn held by Zhang Yuan (張遠) as to 80%. Under the SFO, Xuzhou Zhong’an and Zhang Yuan are deemed to be interested in all the Shares held by Grand Fortune Venture Limited.
- (6) Such Shares are held by Hong Kong Jingyuan Wanlong Investment Management Co., Limited, which is wholly-owned by Beijing Jingyuan Wanlong Investment Management Co., Ltd. (北京京元萬隆投資管理有限責任公司, “**Jingyuan Wanlong**”), which is in turn held by Li Feng (李鳳) and Wang Xiaoliang (王曉亮) as to 60% and 40%, respectively. Under the SFO, Jingyuan Wanlong, Li Feng and Wang Xiaoliang are deemed to be interested in all the Shares held by Hong Kong Jingyuan Wanlong Investment Management Co., Limited.

Save as disclosed above, the Bank is not aware of any other person, other than the Directors, Supervisors and chief executives of the Bank, who had interests or short positions in the Shares and underlying shares of the Bank as at the end of the Reporting Period which were required to be recorded in the register maintained by the Bank pursuant to section 336 of the SFO.

## (II) Circumstances of Substantial Shareholders Prescribed in Interim Measures for the Equity Management of Commercial Banks

Pursuant to the Interim Measures for the Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》 issued by the Former CBRC, substantial shareholders of commercial banks refer to shareholders who hold or control more than 5% of the shares or voting rights of a commercial bank, or hold less than 5% of total capital or shares but have a significant impact on the operation and management of a commercial bank. The above-mentioned significant impacts include but are not limited to the appointment of directors, supervisors or senior management of a commercial bank, affecting the financial and operational management decisions of the commercial bank through agreements or other means, and other circumstances identified by the CBIRC or its local offices. At the end of the Reporting Period, Chengfang Huida, Liaoning Financial Holding and ICBC Investment, which directly held 37.69%, 6.65% and 6.02% of the Ordinary Shares of the Bank, respectively, were the substantial shareholders of the Bank. ICBC Investment, Cinda Investment Co., Ltd. (信達投資有限公司) (“Cinda Investment”), China Greatwall Assets Management Co., Ltd. (中國長城資產管理股份有限公司), which recommended Directors to the Bank, Greenland Financial Holdings Group Company Limited (綠地金融投資控股集團有限公司) and Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司), which appointed Supervisors to the Bank, have significant impact on the Bank, are also the substantial shareholders of the Bank under the Interim Measures for the Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》.

Chengfang Huida was established on 15 May 2019 with registered capital of RMB1.00 million. Its legal representative is Huang Mudong (黃慕東). Its domicile is at Room 306, 3/F, Zhong Shang Building, No. 5 Sanlihe East Road, Xicheng District, Beijing. Its business scope includes business management, market research, economic and trade consultation (the enterprises shall choose their own business projects and conduct business activities in accordance with the laws; for projects requiring approval in accordance with the laws, the enterprises shall conduct business activities in accordance with the approved scope after approval by the relevant departments; and any enterprise shall not engage in business activities of prohibited and restricted items under the industrial policy of the city). The term of operation is from 15 May 2019 to 14 May 2049. As at the end of the Reporting Period, Chengfang Huida held 5,270,000,000 Shares of the Bank, representing 37.69% of the total share capital of the Ordinary Shares, and pledged no Shares of the Bank. Pursuant to the information submitted by Chengfang Huida, its controlling shareholder, de facto controller and ultimate beneficiary is Huida Asset Management and there is no person acting in concert with it.

Liaoning Financial Holding was established on 18 December 2019 with registered capital of RMB20.0 billion. Its legal representative is Lu Jue (魯珽). Its domicile is at 1503, No. 75-1 Jinfeng Street, Shenfu New District, Liaoning Province. Its business scope includes investment and capital management, capital investment services, non-public offering of securities investment funds, holding company services, financial information services. (The enterprises shall choose their own business projects and conduct business activities in accordance with the laws.) (For projects requiring approval in accordance with the laws, the enterprises shall conduct business activities after approval by the relevant departments.) The term of operation is from 18 December 2019 to long-term. As at the end of the Reporting Period, Liaoning Financial Holding held 930,000,000 Shares of the Bank, representing 6.65% of the total share capital of the Ordinary Shares, and pledged no Shares of the Bank. Pursuant to the information submitted by Liaoning Financial Holding, its controlling shareholder, de facto controller and ultimate beneficiary is the Finance Department of Liaoning Province and there is no person acting in concert.

ICBC Investment was established on 26 September 2017 with a registered capital of RMB27.0 billion. Its legal representative is Feng Junfu (馮軍伏). Its domicile is at 19-20/F, Building B, Phase I, Yangzi Science and Innovation Center, Jiangbei New District, 211 Pubin Road, Nanjing City, Jiangsu Province. Its business scope includes acquisition of the debt equity held by banks in enterprises for the purpose of debt-to-equity swap, and conversion of debt equity into equity interests for further management, restructuring, transfer and disposal of debt equity failed to be converted into equity interests, investment in equity interests of enterprises for the purpose of debt-to-equity swap, enabling invested enterprises to discharge their existing debt obligations with the equity investment funds, private placement of asset management products to qualified investors to finance the implementation of the debt-to-equity swap according to laws and regulations, offering of financial bonds, financing by means of bond repurchase, inter-bank lending and borrowing and inter-bank loans, necessary investment management of proprietary funds and raised funds, where the proprietary funds can be used to conduct business such as inter-bank deposits and placements, purchase of treasury bonds or other fixed-income securities and the raised funds shall be utilized in accordance with the agreed usage, financial advisory and consulting business on debt-to-equity swap, and other business as approved by the banking regulatory authorities of the State Council (the operation of items subject to approval under laws shall be carried out with the approval of relevant authorities). The term of operation is from 26 September 2017 for an indefinite period. As at the end of the Reporting Period, ICBC Investment held 841,822,258 Shares of the Bank, representing 6.02% of the total share capital of the Ordinary Shares, and pledged no shares of the Bank. During the Reporting Period, Mr. Zhao Chuanxin (趙傳新), a non-executive Director of the Bank, was the deputy general manager of the assets and liabilities management department of ICBC (ICBC Investment is a wholly owned subsidiary of ICBC). Ms. Ning Jie (寧潔), a non-executive Director, was the deputy general manager of credit and investment management department of ICBC (Ms. Ning Jie resigned as a Director of the Bank on 5 August 2022). Ms. Gu Jihong (顧繼紅), a non-executive Director, was an expert and special assigned director of strategic management and investor relationships department of ICBC. Pursuant to the information submitted by ICBC Investment, its controlling shareholder, the de facto controller and the ultimate beneficial owner are ICBC, which was listed on Shanghai Stock Exchange (stock code: 601398) and on the Hong Kong Stock Exchange (stock code: 1398), and there is no person acting in concert.

Cinda Investment was established on 1 August 2000 with a registered capital of RMB2.0 billion. Its legal representative is Bai Yuguo (白玉國). Its domicile is at Building 1, No. 9 Yard, Naoshikou Street, Xicheng District, Beijing. Its business scope includes foreign investment, commercial real estate management, hotel management, property management, assets management, assets restructuring, investment consulting, and investment advising. (Market entities shall choose their own business projects and conduct business activities in accordance with the laws; for projects requiring approval in accordance with the laws, the entities shall conduct business activities in accordance with the approved scope after approval by the relevant departments; and any entity shall not engage in business activities of prohibited and restricted items under the industrial policy of the country and the city.) The term of operation is from 1 August 2000 to 31 July 2050. As at the end of the Reporting Period, Cinda Investment held 505,093,350 Shares of the Bank, representing 3.61% of the total share capital of the Ordinary Shares, and pledged no Shares of the Bank. During the Reporting Period, Mr. Lyu Fei (呂飛), a non-executive Director of the Bank, was the general manager of the general administrative department (Party Committee Office, Party Committee Promotion Department) of Cinda Investment. Pursuant to the information submitted by Cinda Investment, its controlling shareholder is China Cinda Asset Management Co., Ltd., which was listed on the Hong Kong Stock Exchange (stock code: 01359) and the de facto controller and the ultimate beneficial owner is the Ministry of Finance of the People's Republic of China, and there is no person acting in concert with it.

China Greatwall Assets Management Co., Ltd. (中國長城資產管理股份有限公司) was established on 2 November 1999 with a registered capital of RMB51,233,609,796. Its legal representative is Li Junfeng (李均鋒). Its domicile is at A301-320, A705-707, 17-26/F, Unit 101, 4 to 22/F, No.1 Building, Courtyard No.2 Fenghuangzui Street, Fengtai District, Beijing. Its principal business includes acquisition of and being entrusted to manage the non-performing assets of the financial institutions, and management, investment and dispose of the non-performing assets. The term of operation is from 2 November 1999 for an indefinite period. As at the end of the Reporting Period, China Greatwall Assets Management Co., Ltd. held 400,236,465 Shares of the Bank, representing 2.86% of the total share capital of the Ordinary Shares, and pledged no shares of the Bank. During the Reporting Period, Mr. Luo Nan (羅楠), a non-executive Director of the Bank, was a senior expert of the Liaoning subsidiary of the company. Pursuant to the information submitted by China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司), its controlling shareholder, the de facto controller and the ultimate beneficial owner is the Ministry of Finance of the People's Republic of China, and there is no person acting in concert.

Greenland Financial Holdings Group Company Limited (綠地金融投資控股集團有限公司) was established on 18 April 2011 with registered capital of RMB9.0 billion. Its legal representative is Geng Jing (耿靖). Its domicile is at Room 888, No. 2 Building, No. 1800 Panyuan Road, Chongming, Shanghai (Shanghai Taihe Economic Development Zone). Its business scope includes financial asset investment, asset management, investment management, business consultation and services. (For projects requiring approval in accordance with the laws, the enterprises shall conduct business activities after approval by the relevant departments.) The term of operation is from 18 April 2011 for an indefinite period. As at the end of the Reporting Period, Greenland Financial Holdings Group Company Limited held 150,000,000 Shares of the Bank, representing 1.07% of the total share capital of the Ordinary Shares, and no Shares of the Bank were pledged. During the Reporting Period, Mr. Wu Zhengkui (吳正奎), a shareholder representative Supervisor of the Bank, was an executive director of Greenland Hong Kong Holdings Limited, which is listed on the Hong Kong Stock Exchange (stock code: 337). Pursuant to the information submitted by Greenland Financial Holdings Group Company Limited, its controlling shareholder is Greenland Digital Technology Company Limited (綠地數字科技有限公司), and its de facto controller and ultimate beneficial owner is Greenland Holdings Group Company Limited, which is listed on Shanghai Stock Exchange (stock code: 600606), and there is no person acting in concert.

Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司), listed on the Shanghai Stock Exchange (stock code: 600266), was established on 30 December 1998 with a registered capital of RMB2,256.5376 million. Its legal representative is Chu Zhaowu (儲昭武). Its domicile is at 19/F of Building 2, Daliushu Fuhai Center, Haidian District, Beijing, the PRC. Its business scope includes real estate development, sales of commercial property; investment and investment management; sales of metal materials, timber, building materials, machinery and electrical equipment; information consulting (excluding intermediary services); environmental technology development and technical services. (Market entities shall choose their own business projects and conduct business activities in accordance with the laws; for projects requiring approval in accordance with the laws, the entities shall conduct business activities in accordance with the approved scope after approval by the relevant departments; and any entity shall not engage in business activities of prohibited and restricted items under the industrial policy of the country and the city.) The term of operation is from 30 December 1998 for an indefinite period. As at the end of the Reporting Period, Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司) held 130,000,000 Shares of the Bank, representing 0.93% of the total share capital of the Ordinary Shares, and pledged no Shares of the Bank. As at the end of the Reporting Period, Ms. Tang Fang (唐芳), a shareholder representative Supervisor of the Bank, was the deputy director of the directors and supervisors affairs department of the company. Pursuant to the information submitted by Beijing Urban Construction Investment Development Co., Ltd. (北京城建投資發展股份有限公司), its controlling shareholder is Beijing Urban Construction Group Co., Ltd. (北京城建集團有限責任公司), the de facto controller and ultimate beneficial owner is Beijing State-owned Assets Supervision and Administration Commission, and there is no person acting in concert with it.

**(III) Shareholders holding more than 5% of the Total Ordinary Share Capital**

As at the end of the Reporting Period, Chengfang Huida held 5,270,000,000 Domestic Shares of the Bank, representing 37.69% of the total share capital of the Ordinary Shares of the Bank; Liaoning Financial Holding held 930,000,000 Domestic Shares of the Bank, representing 6.65% of the total share capital of the Ordinary Shares of the Bank; and ICBC Investment held 841,822,258 Domestic Shares of the Bank, representing 6.02% of the total share capital of the Ordinary Shares of the Bank. Save for the above Shareholders, no Shareholders held more than 5% of the total share capital of the Ordinary Shares of the Bank as at the end of the Reporting Period.

**(IV) Particulars of Controlling Shareholders and De Facto Controller**

The Bank has no controlling Shareholder or de facto controller pursuant to the Interim Measures for the Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》. As at the end of the Reporting Period, Chengfang Huida held 5,270,000,000 Domestic Shares of the Bank, representing 37.69% of the total share capital of the Ordinary Shares of the Bank.

**(V) Performance of Undertakings by the Bank and Shareholders holding more than 5% of the Shares**

As at the end of the Reporting Period, there was no undertaking by the Bank and the Shareholders holding more than 5% of Ordinary Shares.

**(VI) Pledging and Freezing of Ordinary Shares**

As at the end of the Reporting Period, there was no pledging and freezing of Shares by the Shareholders holding more than 5% (inclusive) of the total share capital of the Ordinary Shares.

As at the end of the Reporting Period, to the knowledge of the Bank, 964,065,582 Domestic Shares were pledged, representing 6.90% of the total issued Ordinary Shares; 416,084,083 Domestic Shares were frozen, representing 2.98% of the total issued Ordinary Shares.

According to Article 72 of the Articles of Association, when the number of shareholders' pledges of the Bank's shares reaches or exceeds 50% of their shareholdings in the Bank, restrictions shall be placed on their voting rights at general meetings and on the voting rights of directors nominated by them at the meetings of the Board of Directors. During the Reporting Period, the Bank has imposed restrictions on voting rights for relevant shares at the 2021 annual general meeting.

## CHAPTER 5 PARTICULARS OF OFFSHORE PREFERENCE SHARES

### I. Issuance and Listing of Offshore Preference Shares for the Past Three Years as of the End of the Reporting Period

For the past three years as of the end of the Reporting Period, the Bank did not issue any new Offshore Preference Shares.

Pursuant to the approval of the Former CBRC Liaoning Bureau (Liao Yin Jian Fu [2017] No. 133) and the CSRC (CSRC [2017] No. 1833), on 27 October 2017, the Bank privately issued non-accumulative perpetual Offshore Preference Shares amounting to US\$1.496 billion at the overseas market (abbreviation of offshore preference share: BOJZ 17USDPRF; stock code: 4615). The Offshore Preference Shares were listed on the Hong Kong Stock Exchange on 30 October 2017. The par value of the Offshore Preference Shares was RMB100 each at an issue price of US\$20 per Share. There are 74,800,000 Offshore Preference Shares in issue, all of which were fully paid in US dollars.

According to the RMB central parity rate announced by the China Foreign Exchange Trade System on 27 October 2017, the total amount of proceeds raised from the issuance of Offshore Preference Shares was approximately RMB9.944 billion. After deducting relevant commissions and expenses for the issuance, the proceeds raised from the issuance of Offshore Preference Shares have been used to replenish the other tier-one capital of the Bank in accordance with the applicable laws and regulations and the approval of the relevant regulatory authorities such as the Former CBRC Liaoning Bureau and the CSRC.

Please refer to the announcements issued by the Bank on the website of the Hong Kong Stock Exchange and website of the Bank for the terms of the issuance of Offshore Preference Shares.

### II. Number of Offshore Preference Shareholders and Their Shareholdings

As at the end of the Reporting Period and as at the Latest Practicable Date, the Bank has one offshore preference shareholder.

As at the end of the Reporting Period, the shareholdings of the top 10 offshore preference shareholders (or proxies) of the Bank were as follows.

Name of shareholder	Nature of shareholder	Class of Shares	Changes during the Reporting Period	Proportion of shareholding (%)	Total number of Shares held	Number of Shares held with restrictive conditions	Number of Shares pledged or frozen
The Bank of New York Depository (Nominees) Limited	Offshore legal person	Offshore Preference Shares	-	100.0	74,800,000	-	Unknown

Notes:

1. The shareholdings of offshore preference shareholders of the Bank are based on the information listed in the register of holders of the Offshore Preference Shares of the Bank.
2. Since such Offshore Preference Share issuance is non-public and offshore, those listed on the register of holders of the Offshore Preference Shares are the proxy information of the allocated investor.
3. The Bank is not aware of whether there is any connected relationship between the above-mentioned offshore preference shareholders of the Bank and the top 10 ordinary Shareholders, or if they are acting in concert under the Codes on Takeovers and Mergers and Share Buy-backs.

### III. Changes in Offshore Preference Shares

Class of preference shares	Number of issued Offshore Preference Shares held as at 31 December 2021	Changes during the Reporting Period	Number of issued Offshore Preference Shares held as at 30 June 2022
US dollar Offshore Preference Shares	74,800,000	–	74,800,000

### IV. Profit Distribution of Offshore Preference Shares

During the Reporting Period, there was no dividend distribution for Offshore Preference Shares of the Bank.

### V. Repurchase or Conversion of Offshore Preference Shares

During the Reporting Period, there was no repurchase or conversion of Offshore Preference Shares of the Bank.

### VI. Dilution Impact on the Shares in the Event that All Outstanding Offshore Preference Shares were Converted as at 30 June 2022

As at the end of the Reporting Period, the principal amount of all outstanding 74,800,000 Offshore Preference Shares was US\$1.496 billion. Assuming that the conditions of mandatory conversion were activated and that the conversion price was the initial mandatory conversion price, i.e. HK\$9.09 per H Share, a maximum number of 1,278,084,312 H Shares (as converted into HK dollars at the conversion exchange rate of US\$1.00 to HK\$7.7659) would be issued upon conversion of all outstanding Offshore Preference Shares, representing approximately 9.14% of the then existing issued share capital of the Bank as at 30 June 2022 and approximately 8.38% of the issued share capital of the Bank as enlarged by the issued Shares upon conversion of all outstanding Offshore Preference Shares. Based on the net profit attributable to equity shareholders of the parent company for the six months ended 30 June 2022 which amounted to approximately RMB266 million, the diluted earnings per Share of the Bank would be diluted to approximately RMB0.02 assuming occurrence of such conversion.

Conversion price of the Offshore Preference Shares will be subject to adjustment for distributing bonus Shares with respect to the H Shares, making capitalization issues, issuing new Shares below the market price of the H Shares (excluding any increase in the share capital as a result of conversion of certain financial instruments issued by the Bank that are convertible into Ordinary Shares) or making any rights issues, as the case may be, which may have impacts on the rights of the holders of the convertible bonds. Under the premise of obtaining the approval of the CBIRC and satisfying the conditions of redemption, the Bank has right to redeem all or part of the Offshore Preference Shares on the first call date and any subsequent dividend payment date. The first call date of the Offshore Preference Shares is set at five years after issuance, i.e., 27 October 2022. The Bank will disclose the redemption (if any) of the Offshore Preference Shares as appropriate in accordance with relevant laws and regulations. Additional information of the Offshore Preference Shares is set out in note 39 to the financial statements of this interim report.

## **VII. Resumption of Voting Rights of Offshore Preference Shares during the Reporting Period**

During the Reporting Period, there was no resumption of voting rights of the Offshore Preference Shares of the Bank.

## **VIII. Accounting Policies Adopted for Offshore Preference Shares and Reasons**

According to the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No. 37 – Reporting of Financial Instruments” and “Differentiation of Financial Liabilities and Equity Instruments and Relevant Accounting Regulations” issued by the Ministry of Finance and the “International Financial Reporting Standards 9 – Financial Instruments” and “International Accounting Standards 32 – Financial Instruments: Disclosure and Presentation” issued by International Accounting Standards Board as well as the key terms of the Offshore Preference Shares, the Offshore Preference Shares issued by the Bank met the requirements for accounting as an equity instrument. Therefore, the Offshore Preference Shares issued by the Bank were accounted for as equity instruments.

# CHAPTER 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND ORGANIZATIONS

## I. Information on Directors, Supervisors and Senior Management

As at the Latest Practicable Date, the basic information on the Directors, Supervisors and senior management of the Bank was as follows.

Name	Gender	Age	Position	Status	The Effective Date of Appointment <sup>(1)</sup>
WEI Xuekun	Male	59	Chairman	Current position	12 December 2019
			Executive Director	Current position	30 October 2019
GUO Wenfeng	Male	50	Vice Chairman	Current position	12 December 2019
			Executive Director	Current position	30 October 2019
			President	Current position	2 August 2019
KANG Jun	Male	53	Executive Director	Current position	30 October 2019
			Vice President	Current position	2 August 2019
YANG Weihua	Male	54	Executive Director	Current position	30 October 2019
			Vice President	Current position	2 August 2019
YU Jun	Male	52	Executive Director	Current position	30 October 2019
			Secretary to the Board	Current position	1 April 2021
			Chief Financial Officer	Current position	2 August 2019
ZHAO Chuanxin	Male	57	Non-executive Director	Current position	14 November 2019
GU Jihong	Female	51	Non-executive Director	Current position	30 October 2019
LYU Fei	Male	56	Non-executive Director	Current position	30 October 2019
LUO Nan	Male	57	Non-executive Director	Current position	30 October 2019
WU Jun	Male	68	Independent Non-executive Director	Current position	30 October 2019
XIE Taifeng	Male	64	Independent Non-executive Director	Current position	30 October 2019
XIAO Geng	Male	59	Independent Non-executive Director	Current position	21 January 2020
WANG Xiongyuan	Male	49	Independent Non-executive Director	Current position	30 October 2019
SU Mingzheng	Male	42	Independent Non-executive Director	Current position	30 October 2019
WANG Zunzhou	Male	45	Chairman of Board of Supervisors	Current position	10 March 2021
			Employee Representative Supervisor	Current position	5 March 2021
LIU Ligu	Male	43	Employee Representative Supervisor	Current position	18 October 2019
WU Hai'ou	Female	42	Employee Representative Supervisor	Current position	18 October 2019
WU Zhengkui	Male	47	Shareholder Representative Supervisor	Current position	18 October 2019
TANG Fang	Female	44	Shareholder Representative Supervisor	Current position	18 October 2019
MENG Xuefeng	Male	44	External Supervisor	Current position	18 October 2019
GUO Limao	Male	38	External Supervisor	Current position	18 October 2019
HU Guojie	Male	57	External Supervisor	Current position	18 October 2019
SONG Guohui	Male	54	Vice President	Current position	1 April 2021
GENG Chuandong	Male	48	Vice President	Current position	1 April 2021
CHEN Zhixiang	Male	46	Chief Information Officer	Current position	1 April 2021
ZHANG Yongchao	Male	45	Chief Risk Officer	Current position	1 April 2021

Note:

- (1) The effective date of appointment is the date when the relevant qualification is approved by the regulatory authorities, if applicable.

## II. Changes in Directors, Supervisors and Senior Management

### (I) Changes in Directors

On 5 August 2022, due to job re-allocation, Ms. Ning Jie resigned as a non-executive director, a member of each of the Audit Committee, the Related-Party Transactions Control Committee and the Risk Management Committee of the Bank, with effect from 5 August 2022. On 8 August 2022, upon consideration and approval at the twenty-fifth meeting of the sixth session of the Board of Directors, Mr. Zhang Guojian (張國建) was nominated as a candidate for non-executive Director of the Bank, and was elected as a member of each of the Audit Committee, the Related-Party Transactions Control Committee and the Risk Management Committee. The appointment of Mr. Zhang Guojian as a non-executive Director of the Bank and a member of various special committees of the Board of Directors will be considered and approved at the general meeting and his qualification as a non-executive Director of the Bank will take effect upon approval by the CBIRC. He shall have a term of office of Director for three years and may be re-elected and re-appointed upon the expiration of his term. According to Article 170 of the Articles of Association, the Board shall consist of 15 Directors. Consequently, during the period between the resignation of Ms. Ning Jie as a non-executive Director and the formal assumption of office by Mr. Zhang Guojian, the Bank failed to comply with the provision set out in Article 170 of the Articles of Association. However, the resignation of Ms. Ning Jie has not resulted in the number of members of the Board falling below the statutory quorum as required under the Company Law of the PRC and will not affect the operation of the Board in compliance with the applicable rules and regulations of the PRC.

### (II) Changes in Supervisors

During the Reporting Period, there is no change in Supervisors of the Bank.

### (III) Changes in Senior Management

On 25 February 2022, Ms. Leung Wing Han Sharon (梁穎嫻) resigned as the joint company secretary of the Bank due to job re-allocation. On the same day, upon consideration and approval at the twenty-first meeting of the sixth session of the Board of Directors, Dr. Ngai Wai Fung (魏偉峰) was appointed as the joint company secretary of the Bank and an authorized representative by the Bank for accepting service of process and notices in Hong Kong on the Bank's behalf under Rule 19A.13(2) of the Listing Rules and of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

On 27 April 2022, upon consideration and approval at the twenty-third meeting of the sixth session of the Board of Directors, Mr. Han Bo (韓波) was appointed as the vice president of the Bank, Mr. Feng Feifei (豐飛飛) was appointed as the chief financial officer of the Bank, respectively, their appointment and qualification are subject to the approval from the regulatory authority. Their respective terms of office commenced from the date of obtaining the approval for qualification from the regulatory authority and ending upon expiry of the term of the sixth session of the Board. Mr. Yu Jun will resign as the chief financial officer of the Bank, with effect from the date on which a new chief financial officer performs his/her duty.

On 24 May 2022, upon consideration and approval at the twenty-fourth meeting of the sixth session of the Board of Directors, Mr. Zhou Xuenan (周雪楠) was appointed as the president assistant of the Bank, his appointment and qualification is subject to the approval from the regulatory authority. His term of office commenced from the date of obtaining the approval for qualification from the regulatory authority and ending upon expiry of the term of the sixth session of the Board.

**(IV) Changes in Information of Directors and Supervisors**

From June 2022, Mr. Yu Jun (余軍), an executive Director, resigned as a director of Jinzhou Financial Leasing Co., Ltd. due to work commitments, with effect from the date on which a new director duly performs his/her duty, whose qualification is approved by the CBIRC Liaoning Bureau.

From January 2022, Mr. Wu Zhengkui (吳正奎), a shareholder representative Supervisor of the Bank, has commenced serving as the general manager of financial department of Greenland Holdings Group Co., Ltd. (綠地控股集團有限公司), which is listed on the Shanghai Stock Exchange (stock code: 600606). From March 2021, he ceased to be a supervisor of Orient Securities Company Limited (東方證券股份有限公司), which is listed on the Shanghai Stock Exchange (stock code: 600958) and on the Hong Kong Stock Exchange (stock code: 3958).

From April 2022, Mr. Liu Liguó (劉立國), an employee representative Supervisor, has commenced serving as the secretary of the party committee of the Liaoyang Branch of the Bank and ceased to serve as a director of the party committee office, a director of the office and a director of the Board of Supervisors office of the Bank.

**III. Securities Transactions by Directors and Supervisors**

The Bank has adopted, in respect of securities transactions by the Directors and Supervisors, a code of conduct on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiries to all Directors and Supervisors by the Bank, each Director and Supervisor of the Bank has confirmed that he/she has complied with such code of conduct during the Reporting Period.

**IV. Interests and Short Positions of Directors, Supervisors and Chief Executives in Shares, Underlying Shares and Debentures of the Bank and its Associated Corporations**

As at the end of the Reporting Period, the interests or short positions of the Directors, Supervisors and chief executives of the Bank in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Bank under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules are as follows:

Name	Position in the Bank	Class of Shares	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of issued Domestic Shares of the Bank <sup>(1)</sup> (%)	Approximate percentage of the total issued Ordinary Shares of the Bank <sup>(1)</sup> (%)
Liu Liguó	Employee Representative Supervisor	Domestic Shares	Beneficial owner	10,000 (L)	0.00010	0.00007
Wu Hai'ou (吳海鷗)	Employee Representative Supervisor	Domestic Shares	Beneficial owner	10,000 (L)	0.00010	0.00007

Note:

(1) As at the end of the Reporting Period, the Bank issued 13,981,615,684 Ordinary Shares, including 10,464,295,684 Domestic Shares and 3,517,320,000 H Shares. (L) represents long position.

Save as disclosed above, none of the Directors, Supervisors and chief executives held any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations as at the end of the Reporting Period.

## V. Employees, Employee Compensation Policy and Employee Training Program

### (I) Staff Composition

As at the end of the Reporting Period, the Bank (excluding its subsidiaries) had 4,951 full-time employees with the average age of 38.43, of which 3,783 employees (or 76.4%) had bachelor's degrees or above. In addition to full-time employees, as at the end of the Reporting Period, the Bank had 940 contracted workers assigned from third-party human resources agencies. These contracted workers are not the Bank's employees and entered into employment contracts with the third-party human resources agencies.

The Bank (excluding its subsidiaries) has 2,387 male employees and 3,504 female employees, accounting for 40.5% and 59.5%, respectively. During the process of recruitment, training, position adjustment and job promotion, the Bank always puts the comprehensive quality of individuals in the first place and advocates the diversified development of employees. The Bank does not set gender requirements in recruitment positions, and treats candidates fairly by not using gender as a shackle for position adjustment or using age as a restriction for job promotion, giving employees fair training opportunities, and continuously cultivates and builds outstanding talents through all-round and multi-faced training.

### (II) Employee Training Program

The Bank is persistently committed to the formulation of a training system for the employees across the Bank. The Bank cultivated learning-driven organizations, carried out business lecture trainings in relation to business demand and key tasks across the Bank for 8 business lines successively during the Reporting Period. In addition, through various operation activities such as the "Plant New-year-wish (播種新年願望)" and "Come and Learn (來讀書吧)" carried on the online learning platform, the Bank created bank-wide learning atmosphere. Furthermore, the Bank spread outstanding original mini-lecture works produced from online innovative operation program as quarterly required and optional courses over the Bank through Youxueyouxiang (優學悠享) platform, so as to diversify online learning resources and supplement training contents effectively.

### (III) Employee Incentive Policies

The Bank has always been committed to the research and formulation of employee incentive policies throughout the Bank. By applying advanced management tools, the Bank provides better mechanism and measures for the selection, appointment, cultivation and retention of talents, to ensure that the business development of the Bank is supported by reliable human resources. Incentive policies of the Bank combined performance management system, employee career development system and new employee cultivation system and targets on employee career development. It is a scientific comprehensive management system based on professional sequence management, covering performance evaluation, ability evaluation, position promotion and cultivation plan. The professional sequence management system developed by the Bank overcame the career development bottleneck of employees, expanded promotion potential of employees, and satisfied their diversified career development requirements, which fully encouraged employees to realize their values.

**(IV) Remuneration Policies for Employees**

Our remuneration policies are in line with the implementation of our strategic goals, the enhancement of our competitiveness, talent cultivation and risk control. These policies are developed based on the principles that satisfy our corporate governance requirements, give consideration to both the competitiveness and sustainability of the Bank, and are in line with our operating results (adjusted for risk cost). During the Reporting Period, the Bank implemented the remuneration optimization project, improved the management mechanism, optimized the remuneration structure, adjusted the remuneration level, and established a “five-in-one” performance management system covering corporate performance assessment, assessment of departments of the headquarters, professional line assessment, main product incentive and employee assessment with efficiency as the guiding principle. Remuneration of our employees comprises fixed salary, variable compensation and allowance. Deferred payment, fixed term of payment and recourse and recovery mechanism are applied to senior management and key personnel to strengthen risk control.

**(V) Retirement and Benefits**

According to applicable laws in China, the Bank’s male employees, cadre female employees and non-cadre female employees reaching the age of 60, 55 and 50, respectively, shall retire. The salary of retired employees will be suspended and their basic pension shall be paid by the social insurance fund agency on a monthly basis starting from the second month after the retirement procedures are completed. With respect to benefits, the headquarters and the branches shall make timely and full contribution to basic pension, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance, and housing provident fund for all in-service employees pursuant to applicable laws and regulations in China.

## VI. Branches and Subsidiaries

Name of Branches/Subsidiaries	Location of Business	Remarks
Headquarters	No. 68 Keji Road, Jinzhou, Liaoning Province, the PRC	
Bank of Jinzhou Co., Ltd., Beijing Branch	No. 5 Jianguomenbei Avenue, Dongcheng District, Beijing, the PRC	With 6 sub-branches
Bank of Jinzhou Co., Ltd., Tianjin Branch	No. 236 Nanjing Road, Heping District, Tianjin, the PRC	With 8 sub-branches
Bank of Jinzhou Co., Ltd., Shenyang Branch	No. 18 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC	With 14 sub-branches
Bank of Jinzhou Co., Ltd., Dalian Branch	No. 23 Renmin Road, Zhongshan District, Dalian, Liaoning Province, the PRC	With 6 sub-branches
Bank of Jinzhou Co., Ltd., Harbin Branch	No. 381 Youyi Road, Daoli District, Harbin, Heilongjiang Province, the PRC	With 8 sub-branches
Bank of Jinzhou Co., Ltd., Dandong Branch	No. 111 Jinshan Avenue, Yuanbao District, Dandong, Liaoning Province, the PRC	With 19 sub-branches
Bank of Jinzhou Co., Ltd., Fushun Branch	No. 13 Xinhua Avenue, Shuncheng District, Fushun, Liaoning Province, the PRC	With 17 sub-branches
Bank of Jinzhou Co., Ltd., Anshan Branch	No. 15-S1, S2, S3, S4, S5, Shenglinan Road, Tiedong District, Anshan, Liaoning Province, the PRC	With 3 sub-branches
Bank of Jinzhou Co., Ltd., Chaoyang Branch	No. 5 Xinhua Road (Section 2), Shuangta District, Chaoyang, Liaoning Province, the PRC	With 6 sub-branches
Bank of Jinzhou Co., Ltd., Fuxin Branch	No. 75 Zhonghua Road, Xihe District, Fuxin, Liaoning Province, the PRC	With 3 sub-branches
Bank of Jinzhou Co., Ltd., Liaoyang Branch	No. 366-1 Xinhua Road, Baita District, Liaoyang, Liaoning Province, the PRC	With 2 sub-branches
Bank of Jinzhou Co., Ltd., Huludao Branch	1C Lanhua Plaza, Xinhua Avenue, Lianshan District, Huludao, Liaoning Province, the PRC	With 1 sub-branch
Bank of Jinzhou Co., Ltd., Benxi Branch	No. 8 Renmin Road, Pingshan District, Benxi, Liaoning Province, the PRC	With 1 sub-branch
Bank of Jinzhou Co., Ltd., Yingkou Branch	No. 12-A1, East Bohai Avenue, Zhanqian District, Yingkou, Liaoning Province, the PRC	With 1 sub-branch
Bank of Jinzhou Co., Ltd., Jinzhou Branch	No. 69, Shifu Road, Jinzhou, Liaoning Province, the PRC	With 102 sub-branches
Bank of Jinzhou Co., Ltd., Small Enterprise Financial Service Centre	No. 25-1, 2 Zhongyang Avenue (Section 2), Linghe District, Jinzhou, Liaoning Province, the PRC	
Jinzhou Taihe Jinyin Village and Township Bank Co., Ltd.	No. 29-86, Jixiang Xinjiayuan, Taihe District, Jinzhou City, Liaoning Province, the PRC	With 5 sub-branches
Liaoning Yixian Jinyin Village and Township Bank Co., Ltd.	No. 38-21, Yingbin Road, Yizhou Town, Yixian, Jinzhou City, Liaoning Province, the PRC	With 4 sub-branches
Liaoning Beizhen Jinyin Village and Township Bank Co., Ltd.	No. 1-1-121, Lvshan Road, Beizhen City, Jinzhou City, Liaoning Province, the PRC	With 2 sub-branches
Liaoning Heishan Jinyin Village and Township Bank Co., Ltd.	House No. 9-14 (Level 1-3), City East, South Side, Diwang Fudi, No. 194, Zhongda Central Road, Heishan Town First Street, Heishan County, Liaoning Province, the PRC	With 2 sub-branches
Liaoning Kazuo Jinyin Village and Township Bank Co., Ltd.	No. 01011, Building 10, Lidu Shuian Community, Binhe North Road, Dachengzi Town, Kazuo County, Chaoyang, Liaoning Province, the PRC	With 1 sub-branch
Liaoning Linghai Jinyin Village and Township Bank Co., Ltd.	Outlet No. 57-60, Block 1, Ziguanghaoyuan, No. 5 Zhongxing Avenue, Linghai, Jinzhou, Liaoning Province, the PRC	
Liaoning Huanren Jinyin Village and Township Bank Co., Ltd.	No. 2, Unit 0, Building 1, Block 1 Xinshi Street, Huanren Town, Huanren Manchu Autonomous County, Benxi, Liaoning Province, the PRC	
Bank of Jinzhou Financial Leasing Co., Ltd.	No. 18, Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC	

# CHAPTER 7 IMPORTANT EVENTS

## I. Summary of Corporate Governance

The Bank has continuously improved its corporate governance system, gradually upgraded its corporate governance standards, and has adopted the relevant requirements on corporate governance as set out in the Corporate Governance Code and the Management Measures for Commercial Banks of the PRC and established its corresponding corporate governance system. The Bank has also established a full-time and independent Board of Directors, Board of Supervisors and senior management in accordance with relevant regulations. The members of the Board and the Board of Supervisors of the Bank, except for employee representative Supervisors, were all elected at the general meetings by Shareholders. The Bank will further improve the level of information disclosure, standardize investor relations management activities, and continuously improve transparency and governance.

During the Reporting Period, the Bank has fully complied with the provisions as set out in Part 2 of the Corporate Governance Code. The Board of Directors is not aware of any information indicating that the Bank has not complied with the provisions as set out in the Corporate Governance Code.

## II. Profits and Dividends

The Bank's revenue for the Reporting Period and the Bank's financial position as at the same date are set out in the financial statements of this interim report.

The Bank did not declare any interim dividend for the Reporting Period (for the six months ended 30 June 2021: not declared).

## III. Issuance of Bonds

### (I) Bonds Issued

Upon the approval of the Former CBRC and PBOC, the Bank issued the tier-two capital bonds with write-down terms in an aggregate principal amount of RMB4,000 million on 26 March 2018. The bonds have a term of ten years and fixed coupon rate of 4.90% per annum. The Bank has an option to redeem such bonds wholly or partially at the nominal amount on 28 March 2023 upon the approval of relevant regulatory authorities.

### (II) Interbank Certificates of Deposit Issued

As at the end of the Reporting Period, 90 outstanding and not yet expired interbank certificates of deposit were issued by the Bank with an aggregate balance of RMB32,043 million.

**(III) Proposed Issuance of Bonds**

1. The Board of Directors has resolved, and the Shareholders have approved at the 2019 annual general meeting of the Bank held on 11 September 2020 that, subject to the approvals from regulatory authorities having been obtained, the Bank will issue the following bonds:

The Bank shall issue the financial bonds with nominal value of no more than RMB14.0 billion in one or more tranches for a term of no more than five years to the members in the interbank bond market in China (excluding the subscribers as prohibited by the China's laws and regulations), at a coupon rate determined through the book building method for centralized placement or in accordance with the results of public tendering on the bonds issuance system of PBOC according to the market conditions before the issuance. The raising funds shall be utilized in line with applicable laws and regulation, the approval from the regulatory authorities and bond types.

2. The Board of Directors has resolved, and the Shareholders have approved at the 2021 first extraordinary general meeting of the Bank held on 24 September 2021 that, subject to the approvals from regulatory authorities having been obtained, the Bank will issue the following bonds:

The Bank shall issue undated capital bonds and/or tier-two capital bonds in one or several tranches in due course of not more than RMB18.0 billion (inclusive) in aggregate, and may be issued in one or several tranches provided that the accumulated issue size may not exceed RMB18.0 billion within the validity period of the resolution, and it is preliminarily expected that the undated capital bonds will not exceed RMB10.0 billion and the tier-two capital bonds will not exceed RMB8.0 billion. The term of the undated capital bonds is consistent with the duration of the ongoing operation of the Bank. The term of tier-two capital bonds is not less than five years (inclusive). The coupon interest rate is to be determined with reference to the market interest rate. The proceeds of the undated capital bonds will be used to replenish the other tier-one capital of the Bank, and proceeds of the tier-two capital bonds will be used to replenish the tier-two capital bonds of the Bank in accordance with the applicable laws and regulations and subject to the approval of the regulatory authorities.

**IV. Purchase, Sale and Redemption of Listed Securities or Redeemable Securities of the Bank**

During the Reporting Period, neither the Bank nor any of its subsidiaries had purchased, sold or redeemed any listed securities or redeemable securities of the Bank.

**V. Related-party Transactions**

No material related-party transactions that had an adverse impact on the Bank's business results and financial position occurred during the Reporting Period.

**VI. Material Litigation and Arbitration**

As at the end of the Reporting Period, there is one pending material litigation to which the Bank was a defendant, which involved RMB8,779,350. The abovementioned litigation would not materially and adversely affect the business operations of the Bank. For details, please refer to note 52 to the interim financial statements of this interim report.

## VII. Penalties Imposed on the Bank and its Directors, Supervisors and Senior Management

During the Reporting Period, none of the Bank, the Directors, Supervisors and senior management of the Bank had been subject to inspections, administrative penalties and circulating criticisms by CSRC or public censures by the Hong Kong Stock Exchange, or penalties by other regulatory bodies that caused a significant impact on the Bank's operation.

## VIII. Material Contracts and Their Performance

The Bank had no material contracts and performance during the Reporting Period.

## IX. Implementation of New Accounting Standards

The Bank has adopted relevant new accounting standards since 1 January 2022. For details and reasons, please refer to note 2 to the interim financial statements of this interim report.

## X. Engagement and Dismissal of Auditors

Upon the consideration and approval at the 2020 annual general meeting, the Bank has re-appointed Crowe (HK) CPA Limited as the auditor of the Bank for 2021. Upon the consideration and approval at the 2021 annual general meeting, the Bank has re-appointed Crowe (HK) CPA Limited as the auditor of the Bank for 2022.

## **XI. Material Acquisition and Disposal of Assets of Subsidiaries and Associates and Business Combinations**

During the Reporting Period, the Bank had no material acquisition and disposal of assets of subsidiaries and associates and business combinations.

## **XII. Share Option Scheme**

During the Reporting Period, the Bank has not adopted any share option scheme.

## **XIII. Review of Interim Report**

Financial statements disclosed in this interim report are unaudited. The interim financial statements for the six months ended 30 June 2022 of the Bank were prepared in accordance with the International Accounting Standards 34 issued by the International Accounting Standards Board and reviewed by Crowe (HK) CPA Limited in accordance with International Standard on Review Engagements 2410.

This interim report has been considered and approved by the Board and the audit committee under it.

## **XIV. Publication of Interim Report**

This interim report is prepared in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

## **XV. Subsequent Events**

For details of subsequent events, please refer to note 54 to the interim financial statements of this interim report.

# CHAPTER 8 INDEPENDENT AUDITOR'S REPORT ON REVIEW

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BANK OF JINZHOU CO., LTD.

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

### Introduction

We have reviewed the accompanying interim financial information set out on pages 100 to 200, which comprises the condensed consolidated statement of financial position of Bank of Jinzhou Co., Ltd. (the "Bank") and its subsidiaries (the "Group") as at 30 June 2022 and the condensed consolidated income statement, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and 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 are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

#### **Crowe (HK) CPA Limited**

*Certified Public Accountants*

Hong Kong, 19 August 2022

Chan Wai Dune, Charles

Practising Certificate Number P00712

# CHAPTER 9 UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi, unless otherwise stated)

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 Unaudited	2021 Unaudited
Interest income		18,943,721	19,124,154
Interest expense		(13,609,930)	(13,443,550)
<b>Net Interest Income</b>	4	<b>5,333,791</b>	<b>5,680,604</b>
Service charge and commission income		240,946	313,699
Service charge and commission expense		(24,444)	(22,129)
<b>Service charge and net commission income</b>	5	<b>216,502</b>	<b>291,570</b>
Net trading (losses)/gains	6	(167,427)	184,338
Dividend income		–	14,248
Net gains arising from investment securities	7	162,280	8,055
Net foreign exchange gains		14,645	9,402
Other net operating income	8	550	1,951
<b>Operating income</b>		<b>5,560,341</b>	<b>6,190,168</b>
<b>Operating expenses</b>	9	<b>(1,462,962)</b>	<b>(1,435,592)</b>
<b>Operating profit before impairment</b>		<b>4,097,379</b>	<b>4,754,576</b>
Impairment losses on assets	10	(3,841,794)	(4,373,611)
<b>Profit before tax</b>		<b>255,585</b>	<b>380,965</b>
Income tax expense	11	(113,186)	(194,922)
<b>Profit for the period</b>		<b>142,399</b>	<b>186,043</b>
<b>Attributable to:</b>			
Equity shareholders of the Bank		266,440	429,890
Non-controlling interests		(124,041)	(243,847)
<b>Profit for the period</b>		<b>142,399</b>	<b>186,043</b>
<b>Basic and diluted earnings per share (in RMB)</b>	12	<b>0.02</b>	<b>0.03</b>

The accompanying notes form an integral part of these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
<b>Profit for the period</b>	<b>142,399</b>	<b>186,043</b>
<b>Other comprehensive income for the period:</b>		
Items that will subsequently be reclassified to profit or loss:		
– Debt instruments at fair value through other comprehensive income:		
– Change in fair value	(73,532)	(65,363)
– Change in impairment provision	53,726	28,813
– Reclassified to profit or loss upon disposal	(175,776)	(5,195)
Items that will not subsequently be reclassified to profit or loss:		
– Remeasurement of defined benefit obligation	(11)	(11)
– Equity instruments at fair value through other comprehensive income:		
– Change in fair value	(21,493)	43,400
Related income tax effect	54,270	14,781
<b>Other comprehensive (loss)/income for the period</b>	<b>(162,816)</b>	<b>16,425</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(20,417)</b>	<b>202,468</b>
<b>Attributable to:</b>		
Equity shareholders of the Bank	103,624	446,315
Non-controlling interests	(124,041)	(243,847)
<b>Total comprehensive (loss)/income for the period</b>	<b>(20,417)</b>	<b>202,468</b>

The accompanying notes form an integral part of these interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2022

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
<b>Assets</b>			
Cash and deposits with the central bank	13	39,894,575	49,105,274
Deposits with banks and other financial institutions	14	13,029,422	10,359,233
Loans to banks and other financial institutions	15	5,234,448	5,547,196
Derivative financial assets	16	129,958	101,179
Financial assets held under resale agreements	17	1,562,739	4,905,630
Loans and advances to customers	18	574,786,656	586,322,888
Financial assets at fair value through profit or loss	19	13,937,020	16,240,438
Financial assets at fair value through other comprehensive income	20	50,987,668	59,358,662
Financial assets measured at amortized cost	21	102,481,774	92,812,776
Finance lease receivables	22	2,188,330	2,515,169
Property and equipment	24	6,345,491	6,479,780
Deferred tax assets	25	11,248,890	11,295,566
Other assets	26	4,724,650	4,618,211
<b>Total assets</b>		<b>826,551,621</b>	<b>849,662,002</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowing from the central bank	28	1,267,480	1,438,896
Deposits from banks and other financial institutions	29	132,673,234	137,348,637
Borrowings from banks and other financial institutions	30	14,932,059	17,315,110
Derivative financial liabilities	16	178,448	87,984
Financial assets sold under repurchase agreements	31	82,025,037	107,181,604
Deposits from customers	32	484,632,287	476,072,906
Accrued staff costs	33	392,668	394,529
Income tax payable	34	6,970	57,785
Other taxes payable	34	451,243	714,936
Debt securities payable	35	36,091,538	35,297,113
Provisions	36	245,004	351,801
Other liabilities	37	2,665,781	2,390,412
<b>Total liabilities</b>		<b>755,561,749</b>	<b>778,651,713</b>

The accompanying notes form an integral part of these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

As at 30 June 2022

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
<b>Equity</b>			
Share capital	38	13,981,616	13,981,616
Other equity instruments			
Including: offshore preference shares	39	9,897,363	9,897,363
Capital reserve	40	26,573,696	26,736,512
Surplus reserve	41	3,241,844	3,241,844
General reserve	42	12,156,776	12,156,776
Retained earnings	43	2,849,871	2,583,431
<hr/>			
Total equity attributable to equity shareholders of the Bank		68,701,166	68,597,542
Non-controlling interests		2,288,706	2,412,747
<hr/>			
<b>Total equity</b>		<b>70,989,872</b>	<b>71,010,289</b>
<hr/>			
<b>Total liabilities and equity</b>		<b>826,551,621</b>	<b>849,662,002</b>

Approved and authorized for issue by the board of directors on 19 August 2022.

**Wei Xuekun**  
*Chairman*

**Guo Wenfeng**  
*President*

**Yu Jun**  
*Chief Financial Officer*

Company chop

The accompanying notes form an integral part of these interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2022

	Notes	Unaudited Attributable to shareholders of the Bank							Non- controlling interests	Total equity
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
<b>Balance at 1 January 2022</b>		13,981,616	9,897,363	26,736,512	3,241,844	12,156,776	2,583,431	68,597,542	2,412,747	71,010,289
<b>Changes in equity for the period:</b>										
Profit for the period		-	-	-	-	-	266,440	266,440	(124,041)	142,399
Other comprehensive loss	40	-	-	(162,816)	-	-	-	(162,816)	-	(162,816)
<b>Total comprehensive loss</b>		-	-	(162,816)	-	-	266,440	103,624	(124,041)	(20,417)
<b>Balance at 30 June 2022</b>		13,981,616	9,897,363	26,573,696	3,241,844	12,156,776	2,849,871	68,701,166	2,288,706	70,989,872

	Notes	Unaudited Attributable to shareholders of the Bank							Non- controlling interests	Total equity
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
<b>Balance at 1 January 2021</b>		13,981,616	9,897,363	26,493,374	3,056,744	11,800,217	2,429,877	67,659,191	3,582,989	71,242,180
<b>Changes in equity for the period:</b>										
Profit for the period		-	-	-	-	-	429,890	429,890	(243,847)	186,043
Other comprehensive income	40	-	-	16,425	-	-	-	16,425	-	16,425
<b>Total comprehensive income</b>		-	-	16,425	-	-	429,890	446,315	(243,847)	202,468
Other comprehensive income transferred to retained earnings		-	-	(60,779)	-	-	60,779	-	-	-
<b>Balance at 30 June 2021</b>		13,981,616	9,897,363	26,449,020	3,056,744	11,800,217	2,920,546	68,105,506	3,339,142	71,444,648

The accompanying notes form an integral part of these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
<b>Cash flows from operating activities</b>		
Profit for the period	142,399	186,043
<i>Adjustments for:</i>		
Impairment losses on assets	3,841,794	4,373,611
Depreciation and amortization	242,871	264,583
Interest expense on lease liabilities	4,674	6,849
Unrealized foreign exchange gains	(11,342)	(7,881)
Dividend income	–	(14,248)
Net gains arising from disposal of investment securities	(162,280)	(8,055)
Net trading losses/(gains)	167,427	(184,338)
Interest expense on debts securities issued	569,316	1,012,900
Net losses on disposal of property and equipment and other long-term assets	12,773	15,524
Income tax expense	113,186	194,922
<b>Subtotal</b>	<b>4,920,818</b>	<b>5,839,910</b>
<i>Changes in operating assets</i>		
Net decrease/(increase) in deposits with the central bank, banks and other financial institutions	726,498	(1,982,329)
Net decrease/(increase) in loans and advances to customers	10,173,607	(43,703,349)
Net decrease in finance lease receivables	304,062	120,905
Net increase in other operating assets	(2,661,187)	(6,597,489)
<b>Subtotal</b>	<b>8,542,980</b>	<b>(52,162,262)</b>
<i>Changes in operating liabilities</i>		
Net (decrease)/increase in borrowing from central bank	(171,222)	381,081
Net decrease in deposits from banks and other financial institutions	(4,679,258)	(2,384,331)
Net (decrease)/increase in financial assets sold under repurchase agreements	(25,036,872)	45,935,608
Net (decrease)/increase in borrowings from banks and other financial institutions	(2,375,833)	5,563,949
Net increase in deposits from customers	8,642,299	24,981,631
Income tax paid	(63,057)	(64,865)
Net decrease in other operating liabilities	(144,931)	(101,600)
<b>Subtotal</b>	<b>(23,828,874)</b>	<b>74,311,473</b>
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(10,365,076)</b>	<b>27,989,121</b>

The accompanying notes form an integral part of these interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** *(continued)*

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
<b>Cash flows from investing activities</b>		
Proceeds from disposal and redemption of investments	34,867,212	31,075,763
Dividend received	–	14,248
Proceeds from disposal of property and equipment and other assets	15,694	27,805
Payments on acquisition of investments	(33,780,798)	(33,402,289)
Payments on acquisition of property and equipment, intangible assets and other assets	(71,334)	(52,535)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>1,030,774</b>	<b>(2,337,008)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of debt securities	47,281,109	65,789,715
Repayment of debts securities issued	(46,860,000)	(90,190,000)
Interest paid on debts securities issued	(196,000)	(196,000)
Dividend paid	(40,000)	–
Payment of lease liabilities	(28,906)	(51,653)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>156,203</b>	<b>(24,647,938)</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>20,355</b>	<b>(7,997)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,157,744)</b>	<b>996,178</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>26,478,133</b>	<b>18,841,770</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17,320,389</b>	<b>19,837,948</b>

The accompanying notes form an integral part of these interim financial statements.

# CHAPTER 10 NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 Background information

Bank of Jinzhou Co., Ltd. (the “Bank”) was established on 22 January 1997 with approval of the People’s Bank of China (“PBOC”) (Yin Fu 1997 No.29).

The Bank obtained its finance permit No. B0127H221070001 from the China Banking Regulatory Commission (the “CBRC”, which was renamed as China Banking and Insurance Regulatory Commission (“CBIRC”) on 8 April 2018). The Bank obtained its business license with unified social credit code No. 912107002426682145 from the State Administration for Industry and Commerce of the PRC. The legal representative is Wei Xuekun and the address of the registered office is No. 68 Keji Road, Jinzhou City, Liaoning Province, the People’s Republic of China.

On 7 December 2015, the Bank’s H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 0416). At 30 June 2022, the share capital of the Bank was RMB13,982 million.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, finance leasing as well as other banking services as approved by the CBIRC. The Group operates in Mainland China, which, for the purpose of this report, excludes the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan. As of 30 June 2022, the Bank had 15 branches in Jinzhou, Beijing, Tianjin, Shenyang, Dalian, Harbin, Dandong, Fushun, Anshan, Chaoyang, Fuxin, Liaoyang, Huludao, Benxi and Yingkou.

(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The unaudited condensed consolidated interim financial information do not include all the information required for a complete set of financial statements under the International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

The unaudited condensed consolidated interim financial information have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate. Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

The Group has applied the following amendments to IFRSs (which include all International Financial Reporting Standards, IASs and Interpretations) issued by the IASB to these financial statement for the current accounting period.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	Annual Improvements to IFRSs 2018-2020

None of these amendments had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretations that is not yet effective for the current accounting period.

The application of the new and amendments to IFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial information.

### 3 Significant accounting judgments and estimates

The nature and assumptions related to the Group's accounting estimates are consistent with those adopted in the Group's financial statements for the year 2021.

### 4 Net interest income

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
<b>Interest income arising from</b>		
Deposits with the central bank	316,654	382,662
Deposits with banks and other financial institutions	8,226	18,623
Loans to banks and other financial institutions	186,394	187,785
Loans and advances to customers		
– Corporate loans and advances	14,329,002	13,935,911
– Personal loans	208,273	227,458
– Discounted bills	627,477	338,123
Financial assets held under resale agreements	34,440	11,620
Financial assets at fair value through other comprehensive income	856,757	431,804
Financial assets measured at amortized cost	2,325,539	3,524,128
Finance lease receivables	50,959	66,040
<b>Subtotal</b>	<b>18,943,721</b>	<b>19,124,154</b>
<b>Interest expense arising from</b>		
Borrowing from the central bank	14,933	2,552
Deposits from banks and other financial institutions	2,881,994	3,025,108
Borrowings from banks and other financial institutions	209,619	484,017
Deposits from customers		
– Corporate customers	1,106,148	1,229,275
– Individual customers	7,844,641	7,121,172
Financial assets sold under repurchase agreements	983,279	568,526
Debts securities issued	569,316	1,012,900
<b>Subtotal</b>	<b>13,609,930</b>	<b>13,443,550</b>
<b>Net interest income</b>	<b>5,333,791</b>	<b>5,680,604</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**5 Service charge and net commission income**

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
<b>Service charge and commission income</b>		
Agency service charge	18,674	65,549
Settlement and clearing service charge	50,372	52,994
Wealth management service charge	79,572	135,499
Underwriting and advisory service charge	54,289	28,946
Bank card service charge	20,438	18,032
Others	17,601	12,679
Subtotal	240,946	313,699
<b>Service charge and commission expenses</b>		
Settlement and clearing service charge	7,705	11,290
Others	16,739	10,839
Subtotal	24,444	22,129
<b>Service charge and net commission income</b>	<b>216,502</b>	<b>291,570</b>

## 6 Net trading (losses)/gains

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
<b>Trading financial instruments</b>		
– Debt securities issued	(241,126)	289,513
– Derivative financial instruments	73,698	(105,289)
– Precious metals	1	1
Subtotal	(167,427)	184,225
Financial instruments designated at fair value through profit or loss	–	113
Total	(167,427)	184,338

The above amounts mainly include gains and losses arising from the purchase and sale of, interest income and changes in the fair value of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

## 7 Net gains arising from investment securities

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Revaluation gains reclassified from other comprehensive income to profit or loss on disposal	175,777	5,195
Net revaluation (losses)/gains from financial assets at fair value through other comprehensive income on disposal	(17,014)	2,860
Net gains on disposal of financial assets measured at amortized cost	3,517	–
Total	162,280	8,055

(Expressed in thousands of Renminbi, unless otherwise stated)

## 8 Other net operating income

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Government grants	335	16
Rental income	5,214	5,582
Others	(4,999)	(3,647)
<b>Total</b>	<b>550</b>	<b>1,951</b>

## 9 Operating expenses

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Staff costs		
– Salaries, bonuses and allowance	479,450	572,914
– Social insurance	107,631	108,758
– Housing allowances	59,942	61,846
– Union funds and education funds	17,945	22,801
– Staff welfare	26,502	26,240
– Supplementary retirement benefits	2,337	2,104
– Other long-term staff welfare	1,146	1,317
<b>Subtotal</b>	<b>694,953</b>	<b>795,980</b>
Premises and equipment expenses		
– Depreciation and amortization	242,871	264,583
– Rental and property management expenses	9,893	293
<b>Subtotal</b>	<b>252,764</b>	<b>264,876</b>
Tax and surcharges	154,826	129,006
Interest expense on lease liabilities	4,674	6,849
Other general and administrative expenses	355,745	238,881
<b>Total</b>	<b>1,462,962</b>	<b>1,435,592</b>

## 10 Impairment losses on assets

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
Loans and advances to customers		
– ECL over the next 12 months	1,463,696	(1,285,766)
– Lifetime ECL – not credit-impaired	1,053,723	3,046,668
– Lifetime ECL – credit-impaired	1,721,371	2,592,326
<b>Subtotal</b>	<b>4,238,790</b>	<b>4,353,228</b>
Deposits and loans to banks and other financial institutions	(211,234)	184,828
Financial assets at fair value through other comprehensive income	53,726	28,813
Financial assets measured at amortized cost	(171,839)	(657,495)
Finance lease receivables	22,777	428,814
Credit commitments	(106,797)	(14,607)
Others	16,371	50,030
<b>Total</b>	<b>3,841,794</b>	<b>4,373,611</b>

## 11 Income tax expense

### (a) Income tax expense:

	Note	For the six months ended 30 June	
		2022 Unaudited	2021 Unaudited
Current income tax		12,240	33,145
Deferred income tax	25	100,946	161,777
<b>Total</b>		<b>113,186</b>	<b>194,922</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**11 Income tax expense (continued)****(b) Reconciliation between income tax expenses and accounting profit are as follows:**

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
Profit before tax	255,585	380,965
Statutory tax rate	25%	25%
Income tax calculated at statutory tax rate	63,896	95,241
Non-deductible expenses		
– Staff costs	–	1
– Others	47,764	114,554
<b>Subtotal</b>	<b>47,764</b>	<b>114,555</b>
Non-taxable income		
– Interest income from the PRC government bonds	(6,710)	(10,417)
– Others	(12,660)	(16,230)
Impact of deductible temporary differences or deductible losses on unrecognized deferred tax assets during the year	50,213	11,767
Effect of income taxes in respect of previous years	(29,317)	6
<b>Total</b>	<b>113,186</b>	<b>194,922</b>

## 12 Basic and diluted earnings per share

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Net profit attributable to equity shareholders of the Bank	266,440	429,890
Weighted average number of ordinary shares (in thousands)	13,981,616	13,981,616
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.02	0.03

The Bank issued non-cumulative preference shares on 27 October 2017 under the terms as detailed in note 39. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2022 and the year 2021 and therefore the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share.

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the relevant periods.

## 13 Cash and deposits with the central bank

	Notes	At 30 June	At 31 December
		2022	2021
		Unaudited	Audited
Cash on hand		692,144	666,612
Deposits with the central bank			
– Statutory deposit reserves	(a)	36,834,893	37,362,496
– Surplus deposit reserves	(b)	2,114,219	10,792,201
– Fiscal deposits		236,717	265,478
Subtotal		39,185,829	48,420,175
Interests receivable		16,602	18,487
Total		39,894,575	49,105,274

Notes:

- (a) The Group places statutory deposit reserve with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Group's daily business. At 30 June 2022 and 31 December 2021, the statutory deposit reserve ratios of the branches and subsidiaries of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirement of the PBOC.
- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

(Expressed in thousands of Renminbi, unless otherwise stated)

**14 Deposits with banks and other financial institutions**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Deposits in Mainland China		
– Banks	12,871,919	10,163,053
– Other financial institutions	1,400	1,400
Subtotal	12,873,319	10,164,453
Deposits outside Mainland China		
– Banks	357,962	399,768
Interests receivable	105,642	102,715
Impairment provision	(307,501)	(307,703)
Total	13,029,422	10,359,233

As at 30 June 2022 and 31 December 2021, all the deposits of the Group with banks and other financial institutions were in Stage 1.

## 15 Loans to banks and other financial institutions

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Placements in Mainland China – Other financial institutions	5,700,000	5,700,000
Interests receivable	165,585	689,307
Impairment provision	(631,137)	(842,111)
<b>Total</b>	<b>5,234,448</b>	<b>5,547,196</b>

As at 30 June 2022 and 31 December 2021, all the loans to banks and other financial institutions of the Group were in Stage 1.

## 16 Derivatives

Derivative financial instruments include option trading and foreign exchange swap. The Group uses derivative financial instruments in the management of its own asset and liability portfolios and structural positions.

The following tables provide an analysis of the notional amounts of derivative financial instruments of the Group and the corresponding fair values at the end the reporting period. The notional amounts of the derivatives indicate the volume of transactions outstanding at the end of the reporting period, they do not represent amounts at risk.

	At 30 June 2022			At 31 December 2021		
	Notional amount Unaudited	Fair value		Notional amount Audited	Fair value	
		Assets Unaudited	Liabilities Unaudited		Assets Audited	Liabilities Audited
Derivatives						
– Option trading	22,372,112	122,604	(122,604)	14,684,430	86,560	(86,560)
– Foreign exchange swap	1,837,814	7,354	(55,844)	1,725,532	14,619	(1,424)
<b>Total</b>	<b>24,209,926</b>	<b>129,958</b>	<b>(178,448)</b>	<b>16,409,962</b>	<b>101,179</b>	<b>(87,984)</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**17 Financial assets held under resale agreements****(a) Analyzed by type of counterparty and its location**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
In Mainland China		
– Banks	1,192,619	1,299,620
– Other financial institutions	370,000	3,605,488
Interests receivable	120	522
<b>Total</b>	<b>1,562,739</b>	<b>4,905,630</b>

**(b) Analyzed by type of security held**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Debt securities		
– Financial bonds	370,000	1,219,400
– Government bonds	598,500	1,518,220
Interbank certificates of deposit	94,000	2,167,488
Bank acceptances notes	500,119	–
<b>Subtotal</b>	<b>1,562,619</b>	<b>4,905,108</b>
Interests receivable	120	522
<b>Total</b>	<b>1,562,739</b>	<b>4,905,630</b>

## 18 Loans and advances to customers

### (a) Analyzed by nature

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Measured at amortized cost:		
Corporate loans and advances	491,085,906	498,582,405
Personal loans		
– Personal business loans	5,785,083	6,787,097
– Residential and commercial properties mortgage loans	4,048,699	3,645,394
– Personal consumption loans	132,095	155,752
– Credit card overdrafts	982,439	920,562
– Others	460	478
Subtotal	10,948,776	11,509,283
Gross loans and advances to customers measured at amortized cost	502,034,682	510,091,688
Measured at fair value through other comprehensive income:		
– Discounted bills	63,179,860	66,814,874
Gross loans and advances to customers	565,214,542	576,906,562
Add: Interests receivable	38,381,189	35,895,690
Less: Provision for impairment losses		
– Loans and advances to customers measured at amortized cost	(28,809,075)	(26,479,364)
Net loans and advances to customers	574,786,656	586,322,888
Provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(19,210)	(19,210)

As at the end of each of the reporting period, part of discounted bills of the loans and advances to customers was pledged for repurchase agreements (Note 27(a)).

(Expressed in thousands of Renminbi, unless otherwise stated)

**18 Loans and advances to customers (continued)****(b) Analyzed by industry sector**

	At 30 June 2022		
	Amount Unaudited	Percentage Unaudited	Loans and advances secured by collaterals Unaudited
Wholesale and retail trade	191,259,481	33.85%	102,601,395
Manufacturing	158,643,223	28.08%	110,456,218
Leasing and commercial services	33,310,567	5.89%	20,789,866
Real estate	26,626,251	4.71%	24,947,024
Scientific research and technical services	13,176,410	2.33%	1,060,721
Construction	11,029,644	1.95%	2,878,588
Transportation, storage and postal services	9,467,270	1.67%	2,858,905
Education	6,220,728	1.10%	1,637,072
Electricity, gas and water production and supply	4,650,933	0.82%	2,302,658
Water, environment and public utility management	3,666,100	0.65%	3,556,600
Mining	2,055,616	0.36%	1,344,116
Agriculture, forestry, animal husbandry and fishery	875,542	0.15%	813,853
Public management and social organization	184,235	0.03%	32,510
Others	29,919,906	5.29%	9,402,073
Subtotal of corporate loans and advances	491,085,906	86.88%	284,681,599
Personal loans	10,948,776	1.94%	8,709,717
Discounted bills	63,179,860	11.18%	–
Gross loans and advances to customers	565,214,542	100.00%	293,391,316
Add: Interests receivable	38,381,189		
Less: Provision for impairment losses			
– Loans and advances to customers measured at amortized cost	(28,809,075)		
Net loans and advances to customers	574,786,656		
Provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(19,210)		

**18 Loans and advances to customers (continued)****(b) Analyzed by industry sector (continued)**

	At 31 December 2021		
	Amount Audited	Percentage Audited	Loans and advances secured by collaterals Audited
Wholesale and retail trade	191,461,080	33.19%	101,511,239
Manufacturing	160,218,761	27.77%	82,906,105
Leasing and commercial services	34,157,651	5.92%	19,593,440
Real estate	27,763,322	4.81%	25,542,917
Scientific research and technical services	15,637,040	2.71%	3,992,040
Construction	11,023,221	1.91%	3,487,529
Transportation, storage and postal services	9,667,105	1.68%	2,776,293
Education	6,239,455	1.08%	1,329,822
Electricity, gas and water production and supply	4,664,368	0.81%	2,212,273
Water, environment and public utility management	3,766,140	0.65%	2,058,840
Mining	2,072,678	0.36%	1,506,078
Agriculture, forestry, animal husbandry and fishery	917,447	0.16%	849,360
Public management and social organization	188,369	0.03%	34,700
Others	30,805,768	5.34%	9,917,920
<b>Total of corporate loans and advances</b>	<b>498,582,405</b>	<b>86.42%</b>	<b>257,718,556</b>
Personal loans	11,509,283	2.00%	9,258,489
Discounted bills	66,814,874	11.58%	99,000
<b>Gross loans and advances to customers</b>	<b>576,906,562</b>	<b>100.00%</b>	<b>267,076,045</b>
Add: Interests receivable	35,895,690		
Less: Provision for impairment losses			
– Loans and advances to customers measured at amortized cost	(26,479,364)		
<b>Net loans and advances to customers</b>	<b>586,322,888</b>		
Provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(19,210)		

(Expressed in thousands of Renminbi, unless otherwise stated)

**18 Loans and advances to customers (continued)****(c) Analysis on loans and advances and provision for impairment losses**

At 30 June 2022, detailed information of loans and advances to customers and provision for impairment losses is as follows:

	At 30 June 2022			Total Unaudited
	ECL over the next 12 months Unaudited	Lifetime ECL – not credit-impaired Unaudited	Lifetime ECL – credit- impaired Unaudited	
Gross loans and advances to customers	474,486,725	72,855,163	17,872,654	565,214,542
Add: Interests receivable	38,381,189	–	–	38,381,189
Less: Provision for impairment losses				
– Loans and advances to customers measured at amortized cost	(10,836,916)	(7,506,144)	(10,466,015)	(28,809,075)
Net loans and advances to customers	502,030,998	65,349,019	7,406,639	574,786,656

At 31 December 2021, detailed information of loans and advances to customers and provision for impairment losses is as follows:

	At 31 December 2021			Total Audited
	ECL over the next 12 months Audited	Lifetime ECL – not credit-impaired Audited	Lifetime ECL – credit- impaired Audited	
Gross loans and advances to customers	487,311,311	72,331,131	17,264,120	576,906,562
Add: Interests receivable	35,895,690	–	–	35,895,690
Less: Provision for impairment losses				
– Loans and advances to customers measured at amortized cost	(9,460,671)	(6,911,183)	(10,107,510)	(26,479,364)
Net loans and advances to customers	513,746,330	65,419,948	7,156,610	586,322,888

## 18 Loans and advances to customers (continued)

## (d) Movements of provision for impairment losses

## (i) Movements of provision for impairment losses of loans and advances to customers measured at amortized cost:

	For the six months ended 30 June 2022			
	ECL over the next 12 months Unaudited	Lifetime ECL – not credit-impaired Unaudited	Lifetime ECL – credit- impaired Unaudited	Total Unaudited
At 1 January	(9,460,671)	(6,911,183)	(10,107,510)	(26,479,364)
Transferred				
– to ECL over the next 12 months	(1,652)	1,648	4	–
– to lifetime ECL – not credit-impaired	71,537	(75,679)	4,142	–
– to lifetime ECL – credit-impaired	17,566	532,793	(550,359)	–
Net charge for the period	(1,463,696)	(1,053,723)	(1,721,371)	(4,238,790)
Write-offs	–	–	1,909,079	1,909,079
Balance at 30 June 2022	(10,836,916)	(7,506,144)	(10,466,015)	(28,809,075)

  

	For the year ended 31 December 2021			
	ECL over the next 12 months Audited	Lifetime ECL – not credit-impaired Audited	Lifetime ECL – credit- impaired Audited	Total Audited
At 1 January	(11,873,361)	(3,157,902)	(5,402,136)	(20,433,399)
Transferred				
– to ECL over the next 12 months	(726,619)	726,489	130	–
– to lifetime ECL – not credit-impaired	1,031,033	(1,091,940)	60,907	–
– to lifetime ECL – credit-impaired	44,159	267,663	(311,822)	–
Net (charge)/release for the year	2,033,247	(3,666,726)	(5,006,298)	(6,639,777)
Write-offs	30,870	11,233	551,709	593,812
Balance at 31 December 2021	(9,460,671)	(6,911,183)	(10,107,510)	(26,479,364)

(Expressed in thousands of Renminbi, unless otherwise stated)

**18 Loans and advances to customers (continued)****(d) Movements of provision for impairment losses (continued)****(i) Movements of provision for impairment losses of loans and advances to customers measured at amortized cost: (continued)**

Notes:

- (a) During the six months ended 30 June 2022, the Group adjusted the five-tier classification and customer rating of loans and advance to customers, and the loan principal of lifetime ECL – not credit-impaired and lifetime ECL – credit-impaired transferred to ECL over the next 12 months were RMB20 million. The loan principal from ECL over the next 12 months and lifetime ECL – credit-impaired transferred to lifetime ECL – not credit-impaired were RMB5,139 million. The principal of the loan transferred from ECL over the next 12 months and lifetime ECL – not credit-impaired to lifetime ECL – credit-impaired were RMB2,292 million.

In the year of 2021, the Group adjusted the five-tier classification and customer rating of loans and advance to customers, and the loan principal of lifetime ECL – not credit-impaired and lifetime ECL – credit-impaired transferred to ECL over the next 12 months were RMB16,658 million. The loan principal from ECL over the next 12 months and lifetime ECL – credit-impaired transferred to lifetime ECL – not credit-impaired were RMB38,768 million. The principal of the loan transferred from ECL over the next 12 months and lifetime ECL – not credit-impaired to lifetime ECL – credit-impaired were RMB6,439 million.

- (b) The ECL movement was caused by origination or purchase as well as changes in probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”) and stages as a result of regular update of parameters.

**(ii) Movements of provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income are set out as follows:**

	For the six months ended 30 June 2022			
	ECL over the next 12 months Unaudited	Lifetime ECL – not credit-impaired Unaudited	Lifetime ECL – credit- impaired Unaudited	Total Unaudited
Balance at 30 June 2022 and 31 December 2021	(19,210)	–	–	(19,210)

  

	For the year ended 31 December 2021			
	ECL over the next 12 months Audited	Lifetime ECL – not credit-impaired Audited	Lifetime ECL – credit- impaired Audited	Total Audited
Balance at 1 January	(6,071)	–	–	(6,071)
Net charge for the year	(13,139)	–	–	(13,139)
Balance at 31 December 2021	(19,210)	–	–	(19,210)

## 19 Financial assets at fair value through profit or loss

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Debt instruments held for trading	(a)	4,568,818	4,303,007
Beneficial interest transfer plans	(b)	8,799,074	11,368,045
Asset-backed securities		165,772	165,473
Balance with a bank		403,356	403,913
<b>Total</b>		<b>13,937,020</b>	<b>16,240,438</b>

Notes:

### (a) Debt instruments held for trading

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Debt securities issued by institutions in Mainland China		
– Banks and other financial institutions	2,329,837	2,176,019
Debt securities issued by institutions outside Mainland China		
– Banks and other financial institutions	2,238,981	2,126,988
<b>Total</b>	<b>4,568,818</b>	<b>4,303,007</b>
Listed	2,329,837	2,176,019
Unlisted	2,238,981	2,126,988
<b>Total</b>	<b>4,568,818</b>	<b>4,303,007</b>

As at the end of each of the reporting period, some of the debt instruments held for trading are used for the pledge of the repurchase agreements (Note 27(a)).

### (b) Beneficial interest transfer plans

Beneficial interest transfer plans are mainly beneficial interests issued by trust companies, securities companies, insurance companies and asset management companies.

(Expressed in thousands of Renminbi, unless otherwise stated)

**20 Financial assets at fair value through other comprehensive income**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Debt securities issued in Mainland China		
– Government	3,546,834	3,513,882
– Banks and other financial institutions	44,463,627	52,318,404
– Corporations	756,939	511,101
<b>Subtotal</b>	<b>48,767,400</b>	<b>56,343,387</b>
Debt securities issued outside Mainland China		
– Banks and other financial institutions	–	6,368
Interbank certificates of deposit	146,721	804,376
Equity investments		
– Listed	119,511	141,005
– Unlisted	1,187,683	1,187,683
Add: Interests receivable	766,353	875,843
<b>Total</b>	<b>50,987,668</b>	<b>59,358,662</b>

As at the end of each of the reporting period, some of the debt investments issued by Governments, banks and other institutions in Mainland China and certificates of deposit are used for the pledge of repurchase agreements (Note 27(a)).

## 20 Financial assets at fair value through other comprehensive income *(continued)*

The movements of impairment provision for financial assets at fair value through other comprehensive income are as follows:

	For the six months ended 30 June 2022			Total Unaudited
	ECL over the next 12 months Unaudited	Lifetime ECL – not credit-impaired Unaudited	Lifetime ECL – credit-impaired Unaudited	
As at 1 January 2022	(3,783)	–	(106,240)	(110,023)
Net (charge)/release for the period	34	–	(53,760)	(53,726)
As at 30 June 2022	(3,749)	–	(160,000)	(163,749)

	For the year ended 31 December 2021			Total Audited
	ECL over the next 12 months Audited	Lifetime ECL – not credit-impaired Audited	Lifetime ECL – credit-impaired Audited	
As at 1 January 2021	(4,669)	(101,571)	–	(106,240)
Transferred:				
– to lifetime ECL – credit-impaired	–	101,571	(101,571)	–
Net (charge)/release for the year	886	–	(4,669)	(3,783)
As at 31 December 2021	(3,783)	–	(106,240)	(110,023)

Notes:

- Provision for impairment of financial assets at fair value through other comprehensive income is recognized in other comprehensive income, while losses or gains from impairment are included in profit or loss. Besides, the book value of the financial assets presented in the condensed consolidated statement of financial position is not reduced.
- During the six months ended 30 June 2022, there is no transfer of stage between the above debt instruments. (as of 31 December 2021: the debt instruments with a principal amount of RMB200 million in the Stage 2 have been transferred to the Stage 3. The remaining debt instruments are in the Stage 1.)
- The Group designates non-trading equity investments as at financial assets at fair value through other comprehensive income. As of 30 June 2022, the amount for these non-trading equity investments was RMB1,307.19 million (31 December 2021: RMB1,328.69 million). The dividend income from these non-trading equity investments recognized by the Group for the Reporting Period amounted to RMB0 million (for the six months ended 30 June 2021: RMB14.25 million) and was included in profit or loss. During the reporting period, the Group disposed of non-trading equity investments, and an accumulated profit amounted to RMB0 million was transferred from other comprehensive income to retained earnings (for the six months ended 30 June 2021: RMB60.78 million).

(Expressed in thousands of Renminbi, unless otherwise stated)

**21 Financial assets measured at amortized cost**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Debt securities issued by the following institutions in Mainland China		
– Government	679,257	1,679,982
– Banks and other financial institutions	12,681,927	3,806,268
– Corporations	72,346,849	71,487,300
<b>Subtotal</b>	<b>85,708,033</b>	<b>76,973,550</b>
Debt securities issued by the following institutions outside Mainland China		
– Corporations	1,677,850	1,593,925
– Interbank certificates of deposit	400,678	–
Beneficial interest transfer plans	14,225,880	14,666,380
Add: Interests receivable	5,025,717	4,306,640
Less: Provision for impairment losses	(4,556,384)	(4,727,719)
<b>Total</b>	<b>102,481,774</b>	<b>92,812,776</b>

As at the end of each of the reporting period, certain investments in debt securities issued by the Government, banks and other financial institutions in Mainland China are used for the pledge of repurchase agreements (Note 27(a)).

The movements of provision for impairment loss of financial assets during the reporting period measured at amortized cost are as follows:

	For the six months ended 30 June 2022			Total Unaudited
	ECL over the next 12 months Unaudited	Lifetime ECL – not credit- impaired Unaudited	Lifetime ECL – credit-impaired Unaudited	
Balance at 1 January	(249,472)	(7,847)	(4,470,400)	(4,727,719)
Net release/(charge) for the period	183,644	(11,805)	–	171,839
Other movements	(504)	–	–	(504)
<b>Balance at 30 June 2022</b>	<b>(66,332)</b>	<b>(19,652)</b>	<b>(4,470,400)</b>	<b>(4,556,384)</b>

**21 Financial assets measured at amortized cost (continued)**

	For the year ended 31 December 2021			Total Audited
	ECL over the next 12 months Audited	Lifetime ECL – not credit- impaired Audited	Lifetime ECL – credit-impaired Audited	
Balance at 1 January	(839,479)	(219,852)	(3,926,600)	(4,985,931)
Net release/(charge) for the year	589,789	212,005	(543,800)	257,994
Net written-off for the year	218	–	–	218
Balance at 31 December 2021	(249,472)	(7,847)	(4,470,400)	(4,727,719)

## Notes:

- (a) During the six months ended 30 June 2022 and the year ended 31 December 2021, there is no transfer of stage between financial assets measured at amortized cost.
- (b) The ECL movement was caused by origination or purchase as well as changes in PD, LGD and EAD and stages as a result of regular update of parameters.

(Expressed in thousands of Renminbi, unless otherwise stated)

**22 Finance lease receivables**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Minimum finance lease receivables	5,556,928	5,941,268
Less: Unearned finance lease income	(572,481)	(652,759)
Present value of finance lease receivables	4,984,447	5,288,509
Less: Provision for impairment losses	(2,796,117)	(2,773,340)
Net balance	2,188,330	2,515,169

As of 30 June 2022, the finance lease receivables and impairment details are as follows:

	At 30 June 2022			Total Unaudited
	ECL over the next 12 months Unaudited	Lifetime ECL – not credit- impaired Unaudited	Lifetime ECL – credit-impaired Unaudited	
Total finance lease receivables	556,532	–	4,427,915	4,984,447
Less: Provision for impairment losses	(23,282)	–	(2,772,835)	(2,796,117)
Finance lease receivables, net	533,250	–	1,655,080	2,188,330

As of 31 December 2021, the finance lease receivables and impairment details are as follows:

	At 31 December 2021			Total Audited
	ECL over the next 12 months Audited	Lifetime ECL – not credit- impaired Audited	Lifetime ECL – credit-impaired Audited	
Total finance lease receivables	855,049	–	4,433,460	5,288,509
Less: Provision for impairment losses	(34,954)	–	(2,738,386)	(2,773,340)
Finance lease receivables, net	820,095	–	1,695,074	2,515,169

## 22 Finance lease receivables (continued)

Finance lease receivables, unearned finance lease income and minimum finance lease receivables analyzed by remaining period are listed as follows:

	At 30 June 2022			At 31 December 2021		
	Minimum finance lease receivables Unaudited	Unearned finance lease income Unaudited	Present value of finance lease receivables Unaudited	Minimum finance lease receivables Audited	Unearned finance lease income Audited	Present value of finance lease receivables Audited
Less than 1 year	705,588	(162,866)	542,722	638,433	(226,731)	411,702
1 year to 2 years	1,002,498	(90,916)	911,582	853,969	(132,921)	721,048
2 years to 3 years	469,843	(76,518)	393,325	1,129,115	(113,053)	1,016,062
3 years to 4 years	161,160	(35,076)	126,084	238,095	(39,941)	198,154
Indefinite*	3,217,839	(207,105)	3,010,734	3,081,656	(140,113)	2,941,543
<b>Total</b>	<b>5,556,928</b>	<b>(572,481)</b>	<b>4,984,447</b>	<b>5,941,268</b>	<b>(652,759)</b>	<b>5,288,509</b>

\* Indefinite period amount represents the balance which is overdue.

## 23 Investments in subsidiaries

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Jinzhou Taihe Jinyin Village and Township Bank Co., Ltd. (錦州太和錦銀村鎮銀行股份有限公司)	(a)	60,450	60,450
Liaoning Yixian Jinyin Village and Township Bank Co., Ltd. (遼寧義縣錦銀村鎮銀行股份有限公司)	(b)	63,240	63,240
Liaoning Beizhen Jinyin Village and Township Bank Co., Ltd. (遼寧北鎮錦銀村鎮銀行股份有限公司)	(c)	49,290	49,290
Liaoning Heishan Jinyin Village and Township Bank Co., Ltd. (遼寧黑山錦銀村鎮銀行股份有限公司)	(d)	57,750	57,750
Liaoning Kazuo Jinyin Village and Township Bank Co., Ltd. (遼寧喀左錦銀村鎮銀行股份有限公司)	(e)	49,900	49,900
Liaoning Linghai Jinyin Village and Township Bank Co., Ltd. (遼寧凌海錦銀村鎮銀行股份有限公司)	(f)	49,900	49,900
Liaoning Huanren Jinyin Village and Township Bank Co., Ltd. (遼寧桓仁錦銀村鎮銀行股份有限公司)	(g)	49,000	49,000
Bank of Jinzhou Financial Leasing Co., Ltd. (錦銀金融租賃有限責任公司)	(h)	1,500,000	1,500,000
<b>Total</b>		<b>1,879,530</b>	<b>1,879,530</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**23 Investments in subsidiaries (continued)**

Notes:

- (a) Jinzhou Taihe Jinyin Village and Township Bank Co., Ltd. (“Taihe Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 27 January 2010 at Jinzhou, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB103.21 million. The principal activities of Taihe Jinyin are the provision of corporate and retail banking services. The Bank holds 58.57% of equity interest and voting rights of Taihe Jinyin.
- (b) Liaoning Yixian Jinyin Village and Township Bank Co., Ltd. (“Yixian Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 8 November 2010 at Jinzhou, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB128.49 million. The principal activities of Yixian Jinyin are the provision of corporate and retail banking services. The Bank holds 49.22% of equity interest and 61.67% voting rights of Yixian Jinyin.
- (c) Liaoning Beizhen Jinyin Village and Township Bank Co., Ltd. (“Beizhen Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 2 March 2011 at Jinzhou, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB103.25 million. The principal activities of Beizhen Jinyin are the provision of corporate and retail banking services. The Bank holds 47.74% of equity interest and 93.55% voting rights of Beizhen Jinyin.
- (d) Liaoning Heishan Jinyin Village and Township Bank Co., Ltd. (“Heishan Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 28 January 2014 at Jinzhou, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB119.00 million. The principal activities of Heishan Jinyin are the provision of corporate and retail banking services. The Bank holds 48.53% of equity interest and 100.00% of voting rights of Heishan Jinyin.
- (e) Liaoning Kazuo Jinyin Village and Township Bank Co., Ltd. (“Kazuo Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 27 November 2015 at Chaoyang, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB100.00 million. The principal activities of Kazuo Jinyin are the provision of corporate and retail banking services. The Bank holds 49.90% of equity interest and 64.90% of voting rights of Kazuo Jinyin.
- (f) Liaoning Linghai Jinyin Village and Township Bank Co., Ltd. (“Linghai Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 16 December 2016 at Jinzhou, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB100.47 million. The principal activities of Linghai Jinyin are the provision of corporate and retail banking services. The Bank holds 49.67% of equity interest and 59.62% of voting rights of Linghai Jinyin.
- (g) Liaoning Huanren Jinyin Village and Township Bank Co., Ltd. (“Huanren Jinyin”) was incorporated as a joint-stock limited company (unlisted) on 20 December 2016 at Benxi, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB100.00 million. The principal activities of Huanren Jinyin are the provision of corporate and retail banking services. The Bank holds 49.00% of equity interest and 100.00% of voting rights of Huanren Jinyin.
- (h) Bank of Jinzhou Financial Leasing Co., Ltd. (“Jinyin Leasing”) was incorporated as a limited liability company on 1 December 2015 at Shenyang, Liaoning Province, the PRC, with no shares capital and debt securities issued and registered capital of RMB1.00 billion. The principal activities of Jinyin Leasing are the provision of financial leasing services. In March 2016, the registered capital increased from RMB1.00 billion to RMB4.90 billion and the Bank subscribed RMB0.9 billion. As of 30 June 2022, the Bank holds 30.61% of equity interest and 55.56% of voting rights of Jinyin Leasing.

## 24 Property and equipment

	Premises	Construction in progress	Motor vehicles	Leasehold improvements	Others	Total
<b>Cost</b>						
At 1 January 2021 (Audited)	8,289,594	23,686	78,106	240,567	882,442	9,514,395
Additions for the year	16,041	60,371	435	2,675	96,159	175,681
Transfers in/(out) of construction in progress	6,916	(6,916)	–	–	–	–
Transfers out to other assets	–	(18,050)	–	–	–	(18,050)
Disposals for the year	–	(3,193)	(8,959)	–	(56,393)	(68,545)
At 31 December 2021 (Audited)	8,312,551	55,898	69,582	243,242	922,208	9,603,481
At 1 January 2022 (Audited)	8,312,551	55,898	69,582	243,242	922,208	9,603,481
Additions for the period	361	22,656	674	8	11,714	35,413
Transfers in/(out) of construction in progress	3,425	(3,425)	–	–	–	–
Transfers out to other assets	–	(2,218)	–	–	–	(2,218)
Disposals for the period	–	–	(372)	(34)	–	(406)
At 30 June 2022 (Unaudited)	8,316,337	72,911	69,884	243,216	933,922	9,636,270
<b>Accumulated Depreciation</b>						
At 1 January 2021 (Audited)	(1,924,758)	–	(67,189)	(162,343)	(675,376)	(2,829,666)
Charge for the year	(257,360)	–	(2,833)	(21,420)	(62,831)	(344,444)
Disposals for the year	–	–	8,511	–	53,330	61,841
At 31 December 2021 (Audited)	(2,182,118)	–	(61,511)	(183,763)	(684,877)	(3,112,269)
At 1 January 2022 (Audited)	(2,182,118)	–	(61,511)	(183,763)	(684,877)	(3,112,269)
Charge for the period	(120,535)	–	(1,048)	(9,582)	(36,243)	(167,408)
Disposals for the period	–	–	330	–	–	330
At 30 June 2022 (Unaudited)	(2,302,653)	–	(62,229)	(193,345)	(721,120)	(3,279,347)
<b>Provision for impairment</b>						
As at 1 January 2022	(11,395)	–	–	–	(37)	(11,432)
At 30 June 2022	(11,395)	–	–	–	(37)	(11,432)
<b>Carrying amount</b>						
At 31 December 2021 (Audited)	6,119,038	55,898	8,071	59,479	237,294	6,479,780
At 30 June 2022 (Unaudited)	6,002,289	72,911	7,655	49,871	212,765	6,345,491

(Expressed in thousands of Renminbi, unless otherwise stated)

## 24 Property and equipment (continued)

At 30 June 2022, title deeds were not yet finalized for the premises with a carrying amount of RMB985 million (31 December 2021: RMB1,004 million). Among them, the carrying amount of premises that the Group has obtained housing property title certificates issued by the authorities but no land use certificates was RMB837 million (31 December 2021: RMB852 million).

The book values of premises at the end of the relevant reporting period are analyzed by the remaining terms of the leases as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Held in Mainland China		
– Long-term leases (over 50 years)	135,849	137,907
– Medium-term leases (10 – 50 years)	5,722,541	5,841,246
– Short-term leases (less than 10 years)	143,899	139,885
<b>Total</b>	<b>6,002,289</b>	<b>6,119,038</b>

## 25 Deferred income tax assets

	Provision for impairment losses Note (i)	Accrued staff costs	Net gains from fair value changes of financial instruments Note (ii)	Others	Net balance of deferred income tax assets
As at 1 January 2021 (Audited)	5,610,097	89,443	48,920	5,994,709	11,743,169
Recognized in profit or loss	1,602,011	1,381	119,912	(2,087,157)	(363,853)
Recognized in other comprehensive income	(4,231)	–	(79,519)	–	(83,750)
As at 31 December 2021 (Audited)	7,207,877	90,824	89,313	3,907,552	11,295,566
Recognized in profit or loss	453,925	3,906	129,434	(688,211)	(100,946)
Recognized in other comprehensive income	(13,432)	–	67,702	–	54,270
As at 30 June 2022 (Unaudited)	7,648,370	94,730	286,449	3,219,341	11,248,890

Notes:

- (i) The Group made provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected credit loss model. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs which fulfill specific criteria as set out in the PRC tax rules and are approved by the tax authorities.
- (ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realized.

## 26 Other assets

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Interests receivable	(a)	605,099	296,261
Repossessed assets	(b)	1,226,244	1,214,384
Intangible assets		217,661	227,617
Long-term deferred expense		4,366	5,427
Deferred expense		128,105	21,668
Value-added tax		26,092	98,966
Other receivables		276,453	234,211
Right-of-use assets	(c)	294,277	324,066
Other assets	(d)	1,946,353	2,195,611
<b>Total</b>		<b>4,724,650</b>	<b>4,618,211</b>

Notes:

### (a) Interests receivable

As at 30 June 2022 and 31 December 2021, all of the interests receivable are classified as stage 1 under the ECL model and there was no transfer to/from the other stages.

### (b) Repossessed assets

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Commercial properties	1,205,406	1,192,441
Residential properties	5,907	7,012
Others	14,931	14,931
<b>Total</b>	<b>1,226,244</b>	<b>1,214,384</b>

The total original book value of repossessed assets disposed of during the six months ended 30 June 2022 amounted to RMB32 million (for the six months ended 30 June 2021: RMB32 million). The Group plans to dispose of the repossessed assets held at 30 June 2022 by auction, bidding and transfer.

(Expressed in thousands of Renminbi, unless otherwise stated)

**26 Other assets (continued)**

Notes: (continued)

**(c) Right-of-use assets**

	Leased properties and buildings
<b>Cost</b>	
As at 1 January 2021 (Audited)	657,862
Additions for the year	28,148
Decrease for the year	(136,805)
As at 31 December 2021 (Audited)	549,205
As at 1 January 2022 (Audited)	549,205
Additions for the period	20,039
Decrease for the period	(2,366)
As at 30 June 2022 (Unaudited)	566,878
<b>Accumulated Depreciation</b>	
As at 1 January 2021 (Audited)	(218,401)
Charge for the year	(104,387)
Decrease for the year	97,649
As at 31 December 2021 (Audited)	(225,139)
As at 1 January 2022 (Audited)	(225,139)
Charge for the period	(48,565)
Decrease for the period	1,103
As at 30 June 2022 (Unaudited)	(272,601)
<b>Carrying amount</b>	
As at 30 June 2022 (Unaudited)	294,277
As at 31 December 2021 (Audited)	324,066

**(d)** Other assets mainly represented advance payments.

## 27 Collateral information

### (a) Assets pledged as collateral

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
For repurchase agreements:			
– Discounted bills	18(a)	52,498,160	64,579,624
– Financial assets at fair value through profit or loss	19	700,000	1,950,000
– Financial assets at fair value through other comprehensive income	20	18,638,000	51,955,399
– Financial assets measured at amortized cost	21	8,161,900	4,790,800
<b>Total</b>		<b>79,998,060</b>	<b>123,275,823</b>

### (b) Received collateral

The Group conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions. As at the end of each of the reporting period, the Group did not hold any resale agreement under which collaterals were permitted to be sold or repledged in the absence of the counterparty's default.

## 28 Borrowing from the central bank

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Borrowing	1,266,772	1,437,995
Interests payable	708	901
<b>Total</b>	<b>1,267,480</b>	<b>1,438,896</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

## 29 Deposits from banks and other financial institutions

### Analyzed by type and location of counterparty

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Deposits in Mainland China		
– Banks	19,623,032	15,183,700
– Other financial institutions	111,942,977	121,061,567
Interests payable	1,107,225	1,103,370
<b>Total</b>	<b>132,673,234</b>	<b>137,348,637</b>

## 30 Borrowings from banks and other financial institutions

### Analyzed by type and location of counterparty

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Deposits in Mainland China		
– Banks	14,689,999	16,940,000
Deposits outside Mainland China		
– Banks	161,074	286,907
Interests payable	80,986	88,203
<b>Total</b>	<b>14,932,059</b>	<b>17,315,110</b>

### 31 Financial assets sold under repurchase agreements

#### (a) Analyzed by type and location of counterparty

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
In Mainland China		
– Banks	69,312,131	79,945,744
– Other financial institutions	12,640,480	27,043,740
Interests payable	72,426	192,120
<b>Total</b>	<b>82,025,037</b>	<b>107,181,604</b>

#### (b) Analyzed by category of collateral

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Debt securities	29,527,347	42,367,319
Discounted bills	52,425,264	64,172,884
Interbank certificates of deposit	–	449,281
Interests payable	72,426	192,120
<b>Total</b>	<b>82,025,037</b>	<b>107,181,604</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**32 Deposits from customers**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Demand deposits		
– Corporate customers	33,926,028	35,842,023
– Individual customers	23,579,937	20,350,331
Subtotal	57,505,965	56,192,354
Time deposits		
– Corporate customers	6,638,779	9,283,878
– Individual customers	354,896,928	337,452,676
Subtotal	361,535,707	346,736,554
Pledged deposits		
– Acceptances	30,977,651	44,722,333
– Letters of guarantees	133,608	136,646
– Letters of credit	1,214,388	2,655,693
– Others	5,468	5,299
Subtotal	32,331,115	47,519,971
Inward and outward remittances	100,473	69,396
Structured deposits		
– Individual customers	22,372,112	14,684,798
Interests payable	10,786,915	10,869,833
Total	484,632,287	476,072,906

**33 Accrued staff costs**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Salary and welfare payable	203,973	200,584
Basic pension payable	29,536	29,578
Supplementary retirement benefits payable	74,682	72,334
Other long-term staff welfare payable	84,477	92,033
<b>Total</b>	<b>392,668</b>	<b>394,529</b>

**34 Taxes payable**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Income tax payable	6,970	57,785
Value-added tax and surcharge payable	412,740	670,311
Others	38,503	44,625
<b>Total</b>	<b>458,213</b>	<b>772,721</b>

**35 Debt securities payable**

	Notes	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Tier two capital bonds issued	(a)	3,996,365	3,996,365
Negotiable certificates of deposit issued	(b)	32,042,548	31,149,855
Interests payable		52,625	150,893
<b>Total</b>		<b>36,091,538</b>	<b>35,297,113</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**35 Debt securities payable (continued)**

As approved by the PBOC and the CBIRC, the Group issued the tier two capital bonds through the open market in recent years. These bonds were traded in the interbank bond market. The bonds could be redeemed by the Bank at the nominal amount at the end of the fifth year. The Group did not have any defaults of principal or interest or other financial bonds issued during the six months ended 30 June 2022 (31 December 2021: nil). The relevant information on these financial bonds is set out below:

**(a) Tier two capital bonds issued**

	Note	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Fixed rate tier two capital bonds maturing in March 2028	(i)	3,996,365	3,996,365
<b>Total</b>		<b>3,996,365</b>	<b>3,996,365</b>

Note:

- (i) Tier two capital bonds of RMB4,000 million with a term of ten years was issued on 26 March 2018. The coupon rate is 4.90%. The Group has an option to redeem such bonds at the nominal amount on 28 March 2023.

At 30 June 2022, the fair value of the tier two capital bonds payable amounts to RMB4,062 million (31 December 2021: RMB4,080 million).

**(b) Negotiable certificates of deposit issued**

As of 30 June 2022, the Group had 90 (31 December 2021: 52) negotiable certificates of deposit issued and not yet due, with an aggregate amount of RMB32,043 million (31 December 2021: RMB31,150 million). The fair value of the negotiable certificates of deposit mentioned above approximates to RMB31,860 million (31 December 2021: RMB30,988 million).

## 36 Provisions

	Note	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Expected credit loss of credit commitments	(a)	244,977	351,774
Litigation provisions		27	27
<b>Total</b>		<b>245,004</b>	<b>351,801</b>

Note:

## (a) Expected credit loss of credit commitments

	For the six months ended 30 June 2022			
	ECL over the next 12 months Unaudited	Lifetime ECL – not impaired Unaudited	Lifetime ECL – impaired Unaudited	Total Unaudited
Balance at 1 January	351,774	–	–	351,774
Release for the period	(106,797)	–	–	(106,797)
<b>Balance at 30 June</b>	<b>244,977</b>	<b>–</b>	<b>–</b>	<b>244,977</b>

	For the year ended 31 December 2021			
	ECL over the next 12 months Audited	Lifetime ECL – not impaired Audited	Lifetime ECL – impaired Audited	Total Audited
Balance at 1 January	408,009	–	–	408,009
Release for the year	(56,235)	–	–	(56,235)
<b>Balance at 31 December</b>	<b>351,774</b>	<b>–</b>	<b>–</b>	<b>351,774</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

### 37 Other liabilities

	Note	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Asset backed security payable		6	6
Payment and collection clearance accounts		115,890	8,181
Dividend payable		242,808	282,808
Deferred income		15,883	12,533
China Value-added tax payable		240,791	253,125
Other payable		1,841,066	1,612,990
Lease liabilities	(a)	209,337	220,769
<b>Total</b>		<b>2,665,781</b>	<b>2,390,412</b>

Note:

**(a) Lease liabilities**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Within one year	66,304	77,867
One to two years	49,936	47,875
Two to three years	36,369	34,843
Three to five years	38,242	38,712
More than five years	51,841	58,203
<b>Total undiscounted lease liabilities</b>	<b>242,692</b>	<b>257,500</b>
<b>Balance of lease liabilities</b>	<b>209,337</b>	<b>220,769</b>

### 38 Share capital

Share capital of the Group as at 30 June 2022 and 31 December 2021 represented share capital of the Bank, which is fully paid. Share capital of the Group at the end of the relevant period was as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Number of shares authorized, issued and fully paid at par value of RMB1 per share (in thousands)	13,981,616	13,981,616

## 39 Offshore preference shares

### (a) Preference shares outstanding at the end of the period

Financial instrument outstanding	Issue date	Accounting classification	Initial dividend rate	Issue price	Number (thousand shares)	In original currency (thousand)	In RMB (thousand)	Conversion		
								Maturity	condition	Conversion
US dollar offshore Preference shares										
USD	27/10/2017	Equity	5.50%	USD20/Share	74,800	1,496,000	9,944,360	None	Mandatory	None
Total							9,944,360			
Less: Issue fees							(46,997)			
Book value							9,897,363			

### (b) Main clauses

#### (i) Dividend

The same dividend rate shall be adopted within 5 years (including 5 years) after the issuance of offshore preference shares. Dividend rate reset every 5 years thereafter to the sum of the benchmark rate and a fixed spread of 3.486% per annum. The fixed spread will remain unchanged throughout the term of the preference shares. The dividend rate shall not at any time exceed 27.44% per annum. Dividend will be paid annually.

#### (ii) Conditions to distribution of dividend

The Group could pay dividend while the Group still has distributable after-tax profit (which is the undistributed profit as shown in the financial statements of the parent company prepared in accordance with the PRC GAAP or IFRS, whichever amount is lower), after making up previous years' losses, contributing to the statutory reserve and making general reserves, and the Group's capital adequacy ratio meets regulatory requirements, and the Board having passed a resolution to declare such dividend in accordance with the Articles of Association. Preference shareholders of the Group are senior to the ordinary shareholders on the right to dividend. The Group may elect to cancel all or part of the dividend, but such cancellation will require a shareholder's resolution to be passed.

#### (iii) Dividend stopper

If the resolution for the Group to cancel all or part of the dividend for offshore preference shares is passed at a Shareholders' general meeting, the Group undertakes that any resolution passed at a Shareholders' general meeting that cancels a dividend (in whole or in part) on the Offshore Preference Shares will be a Parity Obligation Dividend Cancellation Resolution, and shall not make any dividend distribution to ordinary shareholders before the Group pays the dividend for the current dividend period to the Preference Shareholders in full.

#### (iv) Order of distribution and liquidation method

The USD Preference Shareholders will rank equally for payment. The Preference Shareholders will be subordinated to holders of all liabilities of the Bank including subordinated liabilities and obligations issued or guaranteed by the Bank that rank, or are expressed to rank, but will be senior to the ordinary shareholders.

## 39 Offshore preference shares *(continued)*

### (b) Main clauses *(continued)*

#### (v) Mandatory conversion trigger events

Upon the occurrence of an additional tier-one capital trigger event (namely, the core tier-one capital adequacy ratio of the Bank falling to 5.125% or below), the Bank shall have the right to convert, with the approval of the CBIRC but without the need for the consent of the preference shareholders, all or part of the offshore preference shares then issued and outstanding into H Shares based on the aggregate value of such offshore preference shares in order to restore the core tier-one capital adequacy ratio of the Bank to above 5.125%. Upon conversion of the offshore preference shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances.

Upon the occurrence of a tier two capital trigger event, the Bank shall have the right to convert, without the consent of the preference shareholders, all of the offshore preference shares then issued and outstanding into H Shares based on the aggregate value of such offshore preference shares. Upon conversion of the offshore preference shares into H Shares, such H Shares will not be converted back to preference shares under any circumstances. A tier two capital trigger event means the earlier of the following events: (1) the CBIRC having concluded that without a conversion or write-off of the Bank's capital, the Bank would become non-viable, (2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

#### (vi) Redemption

Under the premise of obtaining the approval of the CBIRC and conditions of redemption, the Group has right to redeem all or part of the offshore preference shares in first call date and subsequent any dividend payment date. The redemption price for each Offshore Preference Share so redeemed shall be the aggregate of an amount equal to its Liquidation Preference plus any declared but unpaid Dividend in respect of the period from (and including) the immediately preceding Dividend Payment Date to (but excluding) the date scheduled for redemption. The First Redemption Date of the USD Preference Shares is five years after issuance, i.e. 27 October 2022.

#### (vii) Dividend setting mechanism

Non-cumulative dividend is a dividend on offshore preference shares which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, offshore preference shareholders will not participate in the distribution of residual profits with ordinary shareholders.

## 40 Capital reserve

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Share premium	26,374,617	26,374,617
Other comprehensive income:		
– Fair value changes on financial assets at fair value through other comprehensive income	70,945	274,045
– Impairment of financial assets at fair value through other comprehensive income	137,220	96,925
– Changes on remeasurement of defined benefit liabilities	(17,235)	(17,224)
Others	8,149	8,149
<b>Total</b>	<b>26,573,696</b>	<b>26,736,512</b>

Accumulated amount of other comprehensive income attributable to the equity shareholders of the Bank in the condensed consolidated statement of financial position:

	Net gains on financial assets at fair value through other comprehensive income	Changes on remeasurement of defined benefit liabilities	Total
At 1 January 2021 (Audited)	119,720	(9,112)	110,608
Changes in amount for the previous year	251,250	(8,112)	243,138
– Accruals in other comprehensive income for the previous year	262,029	(8,112)	253,917
– Retained earnings carried forward in other comprehensive income for the previous year	(10,779)	–	(10,779)
<b>At 31 December 2021 and 1 January 2022 (Audited)</b>	<b>370,970</b>	<b>(17,224)</b>	<b>353,746</b>
Changes in amount for the period:			
– Accruals in other comprehensive loss for the period	(162,805)	(11)	(162,816)
<b>At 30 June 2022 (Unaudited)</b>	<b>208,165</b>	<b>(17,235)</b>	<b>190,930</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**40 Capital reserve (continued)**

Accrual amount of other comprehensive (loss)/income:

	For the six months ended 30 June	
	2022 Unaudited	2021 Unaudited
<b>Items that will subsequently be reclassified to profit or loss:</b>		
Debt instruments at fair value through other comprehensive income:		
– Change in fair value	(73,532)	(65,363)
– Change in impairment provision	53,726	28,813
– Reclassified to the profit or loss upon disposal	(175,776)	(5,195)
Subtotal	(195,582)	(41,745)
<b>Items that will not subsequently be reclassified to profit or loss:</b>		
Remeasurement of defined benefit liabilities	(11)	(11)
Equity instruments designated at fair value through other comprehensive income:		
– Change in fair value	(21,493)	43,400
Subtotal	(21,504)	43,389
Related income tax effect	54,270	14,781
Total	(162,816)	16,425

## 41 Surplus reserve

	Statutory surplus reserve	Discretionary surplus reserve	Total
At 1 January 2021 (Audited)	3,044,718	12,026	3,056,744
Appropriation during the year	185,100	–	185,100
At 31 December 2021, 1 January 2022 (Audited) and 30 June 2022 (Unaudited)	3,229,818	12,026	3,241,844

The Bank is required to appropriate 10% of its net profit (after offsetting any prior year's losses) to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital. Subject to the approval of the shareholders in general meetings, 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 this capitalization is not less than 25% of the registered capital immediately before capitalization.

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

## 42 General reserve

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Balance at the end of the period/year	12,156,776	12,156,776

With effect from 1 July 2012, pursuant to the "Administrative Measures on Accrual of Provisions by Financial Institutions" issued by the MOF in March 2012, the Bank is required, in principle, to set aside a general reserve not lower than 1.5% of the balance of its gross risk-bearing assets at each year end.

(Expressed in thousands of Renminbi, unless otherwise stated)

### 43 Retained earnings

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Retained earnings at the beginning of the period/year	2,583,431	2,429,877
Net profit for the period/year attributable to the Bank	266,440	1,272,581
Net of:		
– Appropriation to surplus reserve	–	(185,100)
– Appropriation to general reserve	–	(356,559)
– Appropriation to shareholders	–	(588,147)
Retained earnings carried forward in other comprehensive income	–	10,779
Balance at the end of the period/year	2,849,871	2,583,431

### 44 Involvement with unconsolidated structured entities

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

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include entities set up for beneficial interest transfer plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third-party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the financial statement in which relevant assets are recognized at 30 June 2022 and 31 December 2021:

	At 30 June 2022		
	Financial assets at fair value through profit or loss (Unaudited)	Financial assets measured at amortized cost (Unaudited)	Total (Unaudited)
Investment management plans	7,760,744	12,290,000	20,050,744
Investment management products under trust scheme	–	1,935,880	1,935,880
Total	7,760,744	14,225,880	21,986,624

**44 Involvement with unconsolidated structured entities (continued)****(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)**

	At 31 December 2021		Total (Audited)
	Financial assets at fair value through profit or loss (Audited)	Financial assets measured at amortized cost (Audited)	
Investment management plans	10,329,714	12,305,000	22,634,714
Investment management products under trust scheme	–	2,361,380	2,361,380
<b>Total</b>	<b>10,329,714</b>	<b>14,666,380</b>	<b>24,996,094</b>

The maximum risk exposures in the above investment and investment management plans are the carrying amounts of the assets held by the Group at the end of the Reporting Period in accordance with the line items of these assets recognised in the statement of financial position.

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

The types of unconsolidated structured entities sponsored by the Group mainly include non-principal guaranteed wealth management products. 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 issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

At 30 June 2022, the amount of assets held by the unconsolidated non-principal guaranteed and non-interest guaranteed wealth management products, which are sponsored by the Group, is RMB28,244.69 million (31 December 2021: RMB30,120.77 million).

## 45 Capital management

The Group's objectives on capital management are:

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to allocate capital using an efficient and risk-based approach to optimize the risk adjusted return to the shareholders; and
- to maintain an adequate capital base to support the development of its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or redeem own shares, long-term subordinated bonds, etc.

Capital adequacy ratios and the use of regulatory capital are monitored regularly by the Group's management based on regulations issued by the CBIRC. The required information is filed with the CBIRC by the Group and the Bank semi-annually and quarterly.

The capital adequacy ratios and related components of the Group are computed in accordance with the statutory financial statements of the Group prepared under PRC GAAP. The requirements pursuant to these regulations may have significant differences comparing to those applicable in Hong Kong and other countries.

## 45 Capital management (continued)

Since 1 January 2013, the Group has begun to disclose the capital adequacy ratio in accordance with the “Capital Rules for Commercial Banks (Provisional)” and will continue to promote the content of this disclosure. According to the requirement of the CBIRC, commercial banks should reach the requirement of capital adequacy ratio by 31 December 2018. The requirements request a commercial bank to maintain its core tier-one capital adequacy ratio above 7.5%, the tier-one capital adequacy ratio above 8.5% and the capital adequacy ratio above 10.5%.

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Core tier-one capital		
– Share capital	13,981,616	13,981,616
– Qualifying portion of capital reserve	26,554,486	26,717,303
– Surplus reserve	3,241,844	3,241,844
– General reserve	12,156,776	12,156,776
– Retained earnings	2,849,871	2,583,431
– Qualifying portions of non-controlling interests	91,871	159,171
Core tier-one capital deductions:		
– Other intangible assets other than land use right	(217,661)	(227,617)
– Other net deferred tax assets that depend on the future bank earnings	(2,311,377)	(1,731,668)
Net core tier-one capital	56,347,426	56,880,856
Other tier-one capital	9,909,260	9,917,126
Net tier-one capital	66,256,686	66,797,982
Tier two capital		
– Instruments issued and share premium	4,000,000	4,000,000
– Surplus provision for loan impairment	7,957,494	8,113,014
– Qualifying portions of non-controlling interests	23,794	47,861
Net capital base	78,237,974	78,958,857
Total risk weighted assets	673,650,410	686,415,699
Core tier-one capital adequacy ratio	8.36%	8.29%
Tier-one capital adequacy ratio	9.84%	9.73%
Capital adequacy ratio	11.61%	11.50%

(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 Supplementary data for consolidated statement of cash flows

Cash and cash equivalents:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Cash on hand	692,144	666,612
Deposits with the central bank	2,114,219	10,792,201
Deposits with banks and other financial institutions	12,951,407	10,114,212
Financial assets held under resale agreements	1,562,619	4,905,108
<b>Total</b>	<b>17,320,389</b>	<b>26,478,133</b>

## 47 Related party disclosures

### (1) Related party relationships

#### (a) Substantial Shareholders

- (i) *Major shareholders include those who hold 5% or more of the shares of the Bank or those who have appointed directors or supervisors in the Bank.*

Shareholding percentage of the Bank:

	At 30 June 2022	At 31 December 2021
Beijing Chengfang Huida Enterprise Management Co., Ltd. (Note)	37.69%	37.69%
Huida Asset Management Co., Ltd. (Note)	37.69%	37.69%
Liaoning Financial Holding Group Co., Ltd.	6.65%	6.65%
ICBC Financial Asset Investment Co., Ltd.	6.02%	6.02%
Cinda Investment Co., Ltd.	3.61%	3.61%
China Greatwall Assets Management Co., Ltd.	2.86%	2.86%
Greenland Financial Holdings Group Company Limited	1.07%	1.07%
Beijing Urban Construction Investment Development Co., Ltd.	0.93%	0.93%

Note: These shares are held by Chengfang Huida, which is wholly owned by Huida Asset Management Co., Ltd. ("Huida Asset Management"). By virtue of the SFO, Huida Asset Management is deemed to be interested in all the shares held by Chengfang Huida.

## 47 Related party disclosures (continued)

### (1) Related party relationships (continued)

#### (a) Substantial Shareholders (continued)

##### (ii) Circumstances of Substantial Shareholders:

Name of Company	Place of Registration	Principal Business	Nature or Type of Economy	Legal Representative
Beijing Chengfang Huida Enterprise Management Co., Ltd.	Beijing	Corporate Management; market research	Limited Liability Company	Huang Mudong
Huida Asset Management Co., Ltd.	Beijing	Specialized in receiving and managing and disposing of assets left over previously from the PBOC	Limited Liability Company	Huang Mudong
Liaoning Financial Holding Group Co., Ltd.	Shenyang	Investment and capital management; capital investment services	Limited Liability Company	Lu Jue
ICBC Financial Asset Investment Co., Ltd.	Nanjing	The debt equity held by banks in enterprises for the purpose of debt-to-equity swap	Limited Liability Company	Feng Junfu
Cinda Investment Co., Ltd.	Beijing	Foreign investment; assets management; assets restructuring	Limited Liability Company	Bai Yuguo
China Greatwall Assets Management Co., Ltd.	Beijing	Acquisition of and being entrusted to manage the non-performing assets of the financial institutions	Joint Stock Company Limited	Shen Xiaoming
Greenland Financial Holdings Group Company Limited	Shanghai	Financial asset investment, asset management	Limited Liability Company	Geng Jing
Beijing Urban Construction Investment Development Co., Ltd.	Beijing	Property development; sale of commodity housing	Joint Stock Company Limited	Chu Zhaowu

##### (iii) Registered capital of substantial shareholders and its changes:

Company Name	Currency	At 30 June 2022	At 31 December 2021
Beijing Chengfang Huida Enterprise Management Co., Ltd.	RMB	1,000	1,000
Huida Asset Management Co., Ltd.	RMB	100,000	100,000
Liaoning Financial Holding Group Co., Ltd.	RMB	20,000,000	20,000,000
ICBC Financial Asset Investment Co., Ltd.	RMB	27,000,000	27,000,000
Cinda Investment Co., Ltd.	RMB	2,000,000	2,000,000
China Greatwall Assets Management Co., Ltd.	RMB	51,233,610	51,233,610
Greenland Financial Holdings Group Company Limited	RMB	9,000,000	9,000,000
Beijing Urban Construction Investment Development Co., Ltd.	RMB	2,256,538	2,256,538

(Expressed in thousands of Renminbi, unless otherwise stated)

**47 Related party disclosures (continued)****(1) Related party relationships (continued)****(a) Substantial Shareholders (continued)****(iv) Connected transactions with major shareholders**

Company Name	Transactions during the period	For the six months ended 30 June	
		2022 Unaudited	2021 Unaudited
Beijing Chengfang Huida Enterprise Management Co., Ltd.	Interest expense	36	–
Huida Asset Management Co., Ltd.	Interest expense	–	–
Liaoning Financial Holding Group Co., Ltd.	Interest expense	42,713	–
Cinda Investment Co., Ltd.	Interest expense	1,624	–

Company Name	Balance at end of the period/year	At 30 June	At 31 December
		2022 Unaudited	2021 Audited
Beijing Chengfang Huida Enterprise Management Co., Ltd.	Deposits from customers	124,664	139,224
Huida Asset Management Co., Ltd.	Deposits from interbank and other financial institutions	–	1,601,714
Beijing Urban Construction Investment Development Co., Ltd.	Deposits from customers	50	43
Liaoning Financial Holding Group Co., Ltd.	Deposits from customers	1,837,382	99,135
Cinda Investment Co., Ltd.	Deposits from customers	103,321	101,613

**(b) Subsidiaries of the Bank**

Detailed information on the subsidiaries of the Bank is set out in Note 23.

**(c) Other related parties**

Other related parties with whom the Group had related transactions during the respective reporting periods include:

**(i) Natural persons which significant influence may be exerted by directors**

Everbright Xinglong Trust Co., Ltd.\* (光大興隴信託有限責任公司)

**(ii) Enterprises directly or indirectly controlled by the same major shareholders of the Group**

Liaoning Province Financing Guaranty Group Co., Ltd.\* (遼寧省融資擔保集團有限公司)

Anshan Technology Financing Guaranty Co., Ltd.\* (鞍山市科技融資擔保有限公司)

Chaoyang Technology Financing Guaranty Co., Ltd.\* (朝陽市科技融資擔保有限公司)

Shenyang Technology Financing Guaranty Co., Ltd.\* (瀋陽市科技融資擔保有限公司)

\* English name for identification purpose only.

**47 Related party disclosures (continued)****(2) Transactions with related parties other than key management personnel****(i) Transactions between the Bank and subsidiaries**

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries and among the subsidiaries are eliminated on consolidation and therefore are not disclosed in this note.

**(ii) Transactions between the Group and other related parties**

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Transactions during the period:		
Interest income	119	15,164
Interest expense	15,866	30
	At 30 June	
	2022	At 31 December
	Unaudited	2021
		Audited
Balance at end of the period/year:		
Loans and advances to customers	4,999	6,141
Deposits from customers	979,164	300,065
Deposits from interbank and other financial institutions	22	22

The balances are unsecured and on terms similar to those offered to the major customers of the Group.

(Expressed in thousands of Renminbi, unless otherwise stated)

**47 Related party disclosures (continued)****(3) 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, the supervisory board and executive officers.

**(i) Transactions between the Group and key management personnel**

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Transactions during the period:		
Interest income	210	177
Interest expense	1,335	839
	At 30 June	At 31 December
	2022	2021
	Unaudited	Audited
Balances at the end of the period/year:		
Loans and advances to customers	9,761	11,205
Deposits from customers	61,178	52,238
Non-principal-guaranteed wealth management products	8,008	24,540

The balances are unsecured and on terms similar to those offered to the major customers of the Group.

**(ii) Key management personnel compensation**

The aggregate compensation of key management personnel is listed as follows:

	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Short-term staff benefits	29,803	34,647
Retirement benefits		
– Basic pension insurance	2,566	4,669

## 48 Segment reporting

The Group manages its business by business lines and geographical areas. Interest income and expenses earned from third parties are referred to as “External net interest income/expense”. Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as “Internal net interest income/expense”.

Consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reportable segments based on the following operating segments:

### Corporate banking business

Corporate banking business covers the provision of financial products and services to corporate customers. The products and services include deposits, loans, settlement and clearing and other products and services relating to the trading business.

### Retail banking business

Retail banking business covers the provision of financial products and services to retail customers. The products and services include deposits, bank cards and credit cards services, personal loans and collateral loans, and personal wealth management services.

### Treasury business

Treasury business covers money market placements, investments and repurchasing, foreign exchange transactions, for the Group’s own accounts or on behalf of customers.

### Other business

This represents business other than corporate banking business, retail banking business and treasury business, whose assets, liabilities, income and expenses are not directly attributable or cannot be allocated to a segment on a reasonable basis.

The transfer prices among segments are determined by the capital sources and due time which should match with the level of lending and deposit rates and interbank market rates announced by the People’s Bank of China. Expenses are distributed.

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

(Expressed in thousands of Renminbi, unless otherwise stated)

**48 Segment reporting (continued)****(a) Operating segment profit/(loss), assets and liabilities**

	Corporate banking business Unaudited	Retail banking business Unaudited	Treasury business Unaudited	Other business and undistributed project Unaudited	Total Unaudited
<b>For the six months ended 30 June 2022</b>					
Operating income					
External net interest income/(expense)	14,169,624	(7,620,692)	(1,215,141)	–	5,333,791
Internal net interest (expense)/income	(8,431,717)	8,182,984	248,733	–	–
Net interest income/(expense)	5,737,907	562,292	(966,408)	–	5,333,791
Service charge and net commission income	68,082	95,537	52,883	–	216,502
Net trading losses	–	–	(167,427)	–	(167,427)
Net gains arising from investment securities	–	–	162,280	–	162,280
Net foreign exchange gains	–	–	14,645	–	14,645
Other net operating income	250	–	–	300	550
Total operating income/(expense)	5,806,239	657,829	(904,027)	300	5,560,341
Operating expenses	(535,759)	(427,846)	(494,264)	(5,093)	(1,462,962)
Operating profit/(loss) before impairment	5,270,480	229,983	(1,398,291)	(4,793)	4,097,379
Impairment losses on assets	(4,087,741)	(173,826)	329,347	90,426	(3,841,794)
Segment profit/(loss) before tax	1,182,739	56,157	(1,068,944)	85,633	255,585
Other segment information					
– Depreciation and amortization	(99,410)	(64,912)	(76,344)	(2,205)	(242,871)
– Capital expenditure	28,986	18,927	22,260	1,161	71,334
At 30 June 2022					
Segment assets	568,298,454	8,676,532	226,565,461	11,762,284	815,302,731
Deferred income tax assets	–	–	–	11,248,890	11,248,890
Total assets	568,298,454	8,676,532	226,565,461	23,011,174	826,551,621
Segment liabilities	74,571,925	411,102,742	267,145,856	2,498,418	755,318,941
Dividend payable	–	–	–	242,808	242,808
Total liabilities	74,571,925	411,102,742	267,145,856	2,741,226	755,561,749

## 48 Segment reporting (continued)

## (a) Operating segment profit/(loss), assets and liabilities (continued)

	Corporate banking business Unaudited	Retail banking business Unaudited	Treasury business Unaudited	Other business and undistributed project Unaudited	Total Unaudited
<b>For the six months ended 30 June 2021</b>					
Operating income					
External net interest income/(expense)	10,813,088	(6,885,313)	1,752,829	–	5,680,604
Internal net interest (expense)/income	(6,848,584)	7,236,582	(387,998)	–	–
Net interest income	3,964,504	351,269	1,364,831	–	5,680,604
Service charge and net commission income	111,461	155,259	24,850	–	291,570
Net trading gains	–	–	184,338	–	184,338
Dividend income	–	–	14,248	–	14,248
Net losses arising from investment securities	–	–	8,055	–	8,055
Net foreign exchange gains	–	–	9,402	–	9,402
Other net operating income	1,114	200	389	248	1,951
Total operating income	4,077,079	506,728	1,606,113	248	6,190,168
Operating expenses	(571,235)	(492,425)	(371,053)	(879)	(1,435,592)
Operating profit/(loss) before impairment	3,505,844	14,303	1,235,060	(631)	4,754,576
Impairment losses on assets	(4,774,067)	(36,789)	472,668	(35,423)	(4,373,611)
Segment (loss)/profit before tax	(1,268,223)	(22,486)	1,707,728	(36,054)	380,965
Other segment information					
– Depreciation and amortization	(97,805)	(71,850)	(91,906)	(3,022)	(264,583)
– Capital expenditure	19,926	14,093	18,000	516	52,535
<b>At 31 December 2021 (Audited)</b>					
Segment assets	579,507,451	9,330,606	237,763,776	11,764,603	838,366,436
Deferred income tax assets	–	–	–	11,295,566	11,295,566
Total assets	579,507,451	9,330,606	237,763,776	23,060,169	849,662,002
Segment liabilities	94,900,669	382,190,324	298,669,417	2,608,495	778,368,905
Dividend payable	–	–	–	282,808	282,808
Total liabilities	94,900,669	382,190,324	298,669,417	2,891,303	778,651,713

(Expressed in thousands of Renminbi, unless otherwise stated)

**48 Segment reporting (continued)****(b) Geographical information**

The Group operates principally in Jinzhou Region, Other Northeastern China Region and Northern China Region.

Non-current assets mainly include property and equipment, intangible assets and right-of-use assets. In presenting geographical information, non-current assets are allocated based on geographical location of the underlying assets. Operating income is allocated based on the locations of the subsidiaries and the branches which generate income.

The distribution of the geographical areas is as follows:

- “Jinzhou Region” including headquarters of the Bank of Jinzhou, Jinzhou branch and the five subsidiaries of the Group.
- “Other Northeastern China Region” including the following areas serviced by branches of the Bank: Shenyang, Dalian, Harbin, Dandong, Fushun, Anshan, Chaoyang, Fuxin, Liaoyang, Huludao, Benxi, Yingkou and the three subsidiaries of the Group.
- “Northern China Region” including the following areas serviced by branches of the Bank: Beijing and Tianjin.

The following is a breakdown of the Bank’s operating income by region:

	Operating Income	
	For the six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Jinzhou Region	3,604,023	4,091,573
Other Northeastern China Region	1,371,954	1,476,052
Northern China Region	584,364	622,543
<b>Total</b>	<b>5,560,341</b>	<b>6,190,168</b>

	Non-current assets	
	At 30 June	At 31 December
	2022	2021
	Unaudited	Audited
Jinzhou Region	2,923,619	2,996,335
Other Northeastern China Region	3,257,987	3,397,117
Northern China Region	675,823	638,011
<b>Total</b>	<b>6,857,429</b>	<b>7,031,463</b>

## 49 Risk management

### (a) Credit risk

#### (i) Credit risk measurement

##### *Measurement of ECL*

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage I: The financial instruments without significant increases in credit risk after initial recognition are included in Stage I to calculate their impairment allowance at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage II: Financial instruments that have had a significant increase in credit risk since initial recognition but are not considered credit-impaired are included in Stage II, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage III: Financial assets that are considered credit-impaired at the end of the reporting period are included in Stage III, with their impairment allowance measured at the amount equivalent to the ECL for the lifetime of the financial instruments.

The Group shall measure ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic condition.

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

## 49 Risk management *(continued)*

### (a) Credit risk *(continued)*

#### (i) Credit risk measurement *(continued)*

##### ***Measurement of ECL (continued)***

The Group conducted an assessment of ECL according to forward-looking information and used complex models and assumptions in its measurement of ECL. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgment, assumptions and estimation in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired asset
- Parameters for measuring ECL
- Forward-looking information
- Modification of contractual cash flows

##### ***Criteria for judging significant increases in credit risk***

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of each of the reporting period. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the end of the reporting period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or baseline criteria have been met:

##### ***Quantitative criteria***

- At the reporting date, the rating or the probability of default (PD) of the financial instruments reaches a certain extent, comparing with the one at initial recognition

## 49 Risk management *(continued)*

### (a) Credit risk *(continued)*

#### (i) Credit risk measurement *(continued)*

##### **Qualitative criteria**

- The credit risk event of the debtor which is highly likely to lead to significant adverse effects;
- The debtor meets problems of cash flow or liquidity, i.e. overdue loans;
- The debtor is unwilling to repay the debt, i.e. debt dodge, fraud;
- The debtor defaults on loans outside the Group, resulting in non-performing assets in PBOC credit system;
- Credit spread increases significantly; and
- For collateralized and pledged loans, change of the value of collateral might incur a rise in credit risk.

##### **Baseline criteria**

- Be classified into Special-Mention category

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

##### **Definition of credit-impaired financial asset**

The standard adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of a debtor has occurred, the following factors are mainly considered:

- The debtor is more than 90 days past due on its contractual payments;
- Significant financial difficulty of the issuer or the debtor;
- The debtor is in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;

## 49 Risk management *(continued)*

### (a) Credit risk *(continued)*

#### (i) Credit risk measurement *(continued)*

##### **Definition of credit-impaired financial asset *(continued)***

- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

##### **Parameters of ECL measurement**

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include PD, LGD and EAD. Based on the current New Basel Capital Accord used in risk management and the requirements of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss on risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;

## 49 Risk management *(continued)*

### (a) Credit risk *(continued)*

#### (i) Credit risk measurement *(continued)*

##### *Parameters of ECL measurement (continued)*

- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime. As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method, and obtained from multiplying the nominal amount of the off-balance sheet items at the end of the reporting period by the credit conversion factor.

##### *Forward-looking information*

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. In this process, the Group mainly applies external data and supplements the internal experts' judgment. The Group determines the relationship between these economic indicators and the PD and the LGD by conducting regression analysis.

In addition to providing a baseline economic scenario, internal experts of the Group determine other possible scenarios and their weight based on the baseline economic scenario. The Group measures the weighted ECL of 12 months (stage I) or life time (stage II and stage III). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

#### (ii) Maximum credit risk exposure

The maximum exposure to credit risk by the Group is represented by the carrying amount of each type of financial assets at the end of the relevant reporting period.

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(a) Credit risk (continued)****(iii) Risk concentrations*****By industry distribution***

The credit risk exposures of the Group mainly comprise loans and advances to customers, finance lease receivables and investments in debt instruments. Details of the composition of the Group's investments in debt instruments are set out in note 49(a). The composition of the Group's loans and advances to customers by industry is analyzed as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Wholesale and retail trade	191,259,481	191,461,080
Manufacturing	158,643,223	160,218,761
Leasing and commercial services	33,310,567	34,157,651
Real estate	26,626,251	27,763,322
Scientific research and technical services	13,176,410	15,637,040
Construction	11,029,644	11,023,221
Transportation, storage and postal services	9,467,270	9,667,105
Education	6,220,728	6,239,455
Electricity, gas and water production and supply	4,650,933	4,664,368
Water, environment and public utility management	3,666,100	3,766,140
Mining	2,055,616	2,072,678
Agriculture, forestry, animal husbandry and fishery	875,542	917,447
Public management and social organizations	184,235	188,369
Others	29,919,906	30,805,768
Subtotal for corporate loans and advances	491,085,906	498,582,405
Personal loans	10,948,776	11,509,283
Discounted bills	63,179,860	66,814,874
Total	565,214,542	576,906,562

**49 Risk management (continued)****(a) Credit risk (continued)****(iv) Loans and advances to customers**

The total credit risk exposures of loans and advances to customers are summarized as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Neither overdue nor impaired	544,306,143	555,822,198
Overdue but not impaired	3,035,745	3,820,244
Impaired	17,872,654	17,264,120
<b>Total loans and advances to customers</b>	<b>565,214,542</b>	<b>576,906,562</b>
Add: Interests receivable	38,381,189	35,895,690
Less: Provision for impairment	(28,809,075)	(26,479,364)
<b>Net loans and advances to customers</b>	<b>574,786,656</b>	<b>586,322,888</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(a) Credit risk (continued)****(iv) Loans and advances to customers (continued)*****Neither overdue nor impaired***

The management of the Group considers that these loans are exposed to normal business risk and there was no identifiable objective evidence of impairment for these loans which may incur losses to the Group at the end of the reporting period.

The following table presents the types of loans and advances to customers which are neither overdue nor impaired at the end of the reporting period:

	At 30 June 2022		Total Unaudited
	Normal Unaudited	Special mention Unaudited	
Unsecured loans	82,159,196	146,818	82,306,014
Guaranteed loans	138,735,565	43,149,213	181,884,778
Collateralized loans	166,924,390	22,123,036	189,047,426
Pledged loans	86,670,144	4,397,781	91,067,925
<b>Total</b>	<b>474,489,295</b>	<b>69,816,848</b>	<b>544,306,143</b>

	At 31 December 2021		Total Audited
	Normal Audited	Special mention Audited	
Unsecured loans	83,207,059	117,778	83,324,837
Guaranteed loans	172,998,715	43,609,864	216,608,579
Collateralized loans	165,450,382	22,815,305	188,265,687
Pledged loans	63,668,205	3,954,890	67,623,095
<b>Total</b>	<b>485,324,361</b>	<b>70,497,837</b>	<b>555,822,198</b>

## 49 Risk management (continued)

### (a) Credit risk (continued)

#### (iv) Loans and advances to customers (continued)

##### **Overdue but not impaired**

The ageing analysis of loans and advances to customers of the Group which are past due but not impaired as at the end of the reporting period is as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Overdue for:		
Less than three months	3,033,235	3,820,244
Three to six months	2,510	-
Over six months	-	-
<b>Total</b>	<b>3,035,745</b>	<b>3,820,244</b>

##### **Impaired**

Impaired loans and advances to customers are defined as loans and advances to customers which have objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of loans that can be reliably estimated.

The fair value of related collateral held by the Group as security is as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Fair value of collateral held against credit-impaired loans	15,293,326	16,014,131

The above collaterals mainly include real estate, land use rights and machinery and equipment etc. The fair value of collaterals was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(a) Credit risk (continued)****(iv) Loans and advances to customers (continued)****Impaired (continued)**

Loans and advances to customers analyzed by the five-tier loan classification and the three stages of the ECL as follows:

	At 30 June 2022			Total Unaudited
	Stage I	Stage II	Stage III	
	(ECL over the next 12 months)	(Lifetime ECL – not credit- impaired)	(Lifetime ECL – credit- impaired)	
	Unaudited	Unaudited	Unaudited	
Normal	474,486,725	2,570	404,549	474,893,844
Special-mention	–	72,852,593	1,242,272	74,094,865
Substandard	–	–	8,105,067	8,105,067
Doubtful	–	–	7,904,076	7,904,076
Loss	–	–	216,690	216,690
<b>Total loans and advances to customers</b>	<b>474,486,725</b>	<b>72,855,163</b>	<b>17,872,654</b>	<b>565,214,542</b>
Add: Interests receivable	38,381,189	–	–	38,381,189
Less: Provision for impairment losses	(10,836,916)	(7,506,144)	(10,466,015)	(28,809,075)
<b>Net loans and advances to customers</b>	<b>502,030,998</b>	<b>65,349,019</b>	<b>7,406,639</b>	<b>574,786,656</b>

**49 Risk management (continued)****(a) Credit risk (continued)****(iv) Loans and advances to customers (continued)****Impaired (continued)**

	At 31 December 2021			Total Audited
	Stage I	Stage II	Stage III	
	(ECL over the next 12 months) Audited	(Lifetime ECL – not credit- impaired) Audited	(Lifetime ECL – credit- impaired) Audited	
Normal	487,311,311	–	380,559	487,691,870
Special-mention	–	72,331,131	999,149	73,330,280
Substandard	–	–	8,041,019	8,041,019
Doubtful	–	–	7,609,041	7,609,041
Loss	–	–	234,352	234,352
<b>Total loans and advances to customers</b>	<b>487,311,311</b>	<b>72,331,131</b>	<b>17,264,120</b>	<b>576,906,562</b>
Add: Interests receivable	35,895,690	–	–	35,895,690
Less: Provision for impairment losses	(9,460,671)	(6,911,183)	(10,107,510)	(26,479,364)
<b>Net loans and advances to customers</b>	<b>513,746,330</b>	<b>65,419,948</b>	<b>7,156,610</b>	<b>586,322,888</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(a) Credit risk (continued)****(v) Finance lease receivables**

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Finance lease receivables		
Neither overdue nor impaired	556,532	855,049
Impaired	4,427,915	4,433,460
Subtotal	4,984,447	5,288,509
Less: Provision for impairment losses	(2,796,117)	(2,773,340)
Net balance	2,188,330	2,515,169

	At 30 June 2022			Total Unaudited
	Stage I (ECL over the next 12 months) Unaudited	Stage II (Lifetime ECL – not credit- impaired) Unaudited	Stage III (Lifetime ECL – credit- impaired) Unaudited	
Normal	556,532	–	–	556,532
Substandard	–	–	2,104,836	2,104,836
Doubtful	–	–	2,323,079	2,323,079
Subtotal	556,532	–	4,427,915	4,984,447
Less: Provision for impairment losses	(23,282)	–	(2,772,835)	(2,796,117)
Net balance	533,250	–	1,655,080	2,188,330

**49 Risk management (continued)****(a) Credit risk (continued)****(v) Finance lease receivables (continued)**

	At 31 December 2021			Total Audited
	Stage I (ECL over the next 12 months) Audited	Stage II (Lifetime ECL – not credit- impaired) Audited	Stage III (Lifetime ECL – credit- impaired) Audited	
Normal	855,049	–	–	855,049
Substandard	–	–	2,220,544	2,220,544
Doubtful	–	–	2,212,916	2,212,916
Subtotal	855,049	–	4,433,460	5,288,509
Less: Provision for impairment losses	(34,954)	–	(2,738,386)	(2,773,340)
Net balance	820,095	–	1,695,074	2,515,169

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(a) Credit risk (continued)****(vi) Debt instruments**

Financial assets at amortized cost by five-tier loan classification and three-staging were analyzed as follows:

	At 30 June 2022			
	Stage I (ECL over the next 12 months) Unaudited	Stage II (Lifetime ECL – not credit- impaired) Unaudited	Stage III (Lifetime ECL – credit- impaired) Unaudited	Total Unaudited
Normal	96,219,441	–	–	96,219,441
Special-mention	–	205,000	–	205,000
Doubtful	–	–	5,588,000	5,588,000
<b>Subtotal</b>	<b>96,219,441</b>	<b>205,000</b>	<b>5,588,000</b>	<b>102,012,441</b>
Add: Interests receivable	5,025,717	–	–	5,025,717
Less: Provision for impairment losses	(66,332)	(19,652)	(4,470,400)	(4,556,384)
<b>Net balance</b>	<b>101,178,826</b>	<b>185,348</b>	<b>1,117,600</b>	<b>102,481,774</b>

	At 31 December 2021			
	Stage I (ECL over the next 12 months) Audited	Stage II (Lifetime ECL – not credit- impaired) Audited	Stage III (Lifetime ECL – credit- impaired) Audited	Total Audited
Normal	87,428,855	–	–	87,428,855
Special-mention	–	217,000	–	217,000
Doubtful	–	–	5,588,000	5,588,000
<b>Subtotal</b>	<b>87,428,855</b>	<b>217,000</b>	<b>5,588,000</b>	<b>93,233,855</b>
Add: Interests receivable	4,306,640	–	–	4,306,640
Less: Provision for impairment losses	(249,472)	(7,847)	(4,470,400)	(4,727,719)
<b>Net balance</b>	<b>91,486,023</b>	<b>209,153</b>	<b>1,117,600</b>	<b>92,812,776</b>

## 49 Risk management (continued)

### (a) Credit risk (continued)

#### (vi) Debt instruments (continued)

Debt instruments at fair value through other comprehensive income by five-tier loan classification and three-staging were analyzed as follows:

	At 30 June 2022			Total Unaudited
	Stage I (ECL over the next 12 months) Unaudited	Stage II (Lifetime ECL – not credit- impaired) Unaudited	Stage III (Lifetime ECL – credit- impaired) Unaudited	
Normal	48,874,121	–	–	48,874,121
Doubtful	–	–	40,000	40,000
Subtotal	48,874,121	–	40,000	48,914,121
Add: Interests receivable	766,353	–	–	766,353
Net balance	49,640,474	–	40,000	49,680,474
Provision for impairment losses	(3,749)	–	(160,000)	(163,749)

	At 31 December 2021			Total Audited
	Stage I (ECL over the next 12 months) Audited	Stage II (Lifetime ECL – not credit- impaired) Audited	Stage III (Lifetime ECL – credit- impaired) Audited	
Normal	57,078,398	–	–	57,078,398
Substandard	–	–	75,733	75,733
Subtotal	57,078,398	–	75,733	57,154,131
Add: Interests receivable	875,843	–	–	875,843
Net balance	57,954,241	–	75,733	58,029,974
Provision for impairment losses	(3,783)	–	(106,240)	(110,023)

## 49 Risk management (continued)

### (b) Market risk

Market risk is the risk of potential loss, in respect of the Group's on-balance sheet/off-balance sheet operations, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Group's market risk mainly includes interest rate risk and exchange rate risk. The Group aims to implement effective market risk management to control market risks within the limits that the Group can bear and to ensure that the market risks to be borne are commensurate with the Group's business objectives and development rules. The credit and risk management department is responsible for the continuous monitoring and evaluation of the adequacy and effectiveness of the Group's market risk management system. The asset and liability management department, financial markets department, asset management department and interbank business department are responsible for interest rate risk and exchange rate risk in their respective business areas.

Sensitivity analysis is a technique which assesses the sensitivity of the overall risk profile and risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorizing each of the interest-earning assets and interest-bearing liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

## 49 Risk management *(continued)*

### (b) Market risk *(continued)*

#### (i) Interest rate risk

Interest rate risk is the risk of a loss of the Group's overall revenue and economic value resulting from an adverse change in the interest rate level, term structure and other elements of the Group's various interest-earning assets and interest-bearing liabilities. The Group distinguishes between bank books and trading books, and identifies, measures, monitors and controls the corresponding market risk based on the different nature and characteristics of bank books and trading books. The trading books includes investments that the Group intends to sell in the short term, to profit from actual or expected short-term price fluctuations or to lock in exposure. The banking book includes the operations other than the trading book. The interest rate risk management is mainly aimed to reduce the potential negative impact of changes in interest rates on net interest income and economic value. The Group mainly analyzes the interest rate risk of the bank books.

Interest rate risk is included in the comprehensive risk management system and the Group's asset and liability management department is responsible for the leading management of interest rate risk in the banking book, and other business departments implement interest rate risk management policies and standards according to functional division.

#### ***Repricing risk***

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movement in interest rates.

#### ***Trading interest rate risk***

Trading interest rate risk mainly arises from the treasury's investment portfolios. Interest rate risk is monitored using the duration analysis method. In addition, the Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios' fair value given a 100 basis points (1%) movement in the interest rates.

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(b) Market risk (continued)****(i) Interest rate risk (continued)****Trading interest rate risk (continued)**

The following tables indicate the assets and liabilities at the end of the relevant reporting periods by the expected next reset dates or by maturity dates, depending on which is earlier:

	At 30 June 2022					
	Total Unaudited	Non-interest bearing Unaudited	Less than three months Unaudited	Between three months and one year Unaudited	Between one year and five years Unaudited	More than five years Unaudited
<b>Assets</b>						
Cash and deposits with the central bank	39,894,575	708,746	39,185,829	-	-	-
Deposits with banks and other financial institutions	13,029,422	105,642	12,923,780	-	-	-
Loans to banks and other financial institutions	5,234,448	165,585	5,068,863	-	-	-
Financial assets held under resale agreements	1,562,739	120	1,562,619	-	-	-
Loans and advances to customers (Note i)	574,786,656	38,381,189	225,751,246	181,962,064	115,888,737	12,803,420
Investments (Note ii)	167,406,462	7,099,264	16,026,344	5,052,178	61,884,009	77,344,667
Finance lease receivables (Note iii)	2,188,330	-	1,655,081	-	533,249	-
Others	22,448,989	22,319,031	18,249	111,709	-	-
<b>Total assets</b>	<b>826,551,621</b>	<b>68,779,577</b>	<b>302,192,011</b>	<b>187,125,951</b>	<b>178,305,995</b>	<b>90,148,087</b>
<b>Liabilities</b>						
Borrowing from the central bank	1,267,480	708	493,138	773,634	-	-
Deposits from banks and other financial institutions	132,673,234	1,107,225	30,842,179	50,199,500	50,524,330	-
Borrowings from banks and other financial institutions	14,932,059	80,986	12,407,113	2,443,960	-	-
Financial assets sold under repurchase agreements	82,025,037	72,426	79,952,611	2,000,000	-	-
Deposits from customers	484,632,287	10,786,915	112,528,923	167,984,596	193,201,561	130,292
Debt securities payable	36,091,538	52,625	20,013,442	12,029,106	-	3,996,365
Others	3,940,114	3,307,353	124,853	359,563	107,931	40,414
<b>Total liabilities</b>	<b>755,561,749</b>	<b>15,408,238</b>	<b>256,362,259</b>	<b>235,790,359</b>	<b>243,833,822</b>	<b>4,167,071</b>
<b>Asset-liability gap</b>	<b>70,989,872</b>	<b>53,371,339</b>	<b>45,829,752</b>	<b>(48,664,408)</b>	<b>(65,527,827)</b>	<b>85,981,016</b>

## 49 Risk management (continued)

### (b) Market risk (continued)

#### (i) Interest rate risk (continued)

##### Trading interest rate risk (continued)

The following tables indicate the assets and liabilities at the end of the relevant reporting periods by the expected next reset dates or by maturity dates, depending on which is earlier: (continued)

	At 31 December 2021					
	Total Audited	Non-interest bearing Audited	Less than three months Audited	Between three months and one year Audited	Between one year and five years Audited	More than five years Audited
<b>Assets</b>						
Cash and deposits with the central bank	49,105,274	685,099	48,420,175	-	-	-
Deposits with banks and other financial institutions	10,359,233	102,715	10,256,518	-	-	-
Loans to banks and other financial institutions	5,547,196	689,307	4,857,889	-	-	-
Financial assets held under resale agreements	4,905,630	522	4,905,108	-	-	-
Loans and advances to customers (Note i)	586,322,888	35,895,690	188,693,787	209,755,817	137,280,451	14,697,143
Investments (Note ii)	168,411,876	6,511,171	18,252,124	5,433,172	55,730,465	82,484,944
Finance lease receivables (Note iii)	2,515,169	-	1,173,518	-	1,341,651	-
Others	22,494,736	22,393,557	62,189	38,990	-	-
<b>Total assets</b>	<b>849,662,002</b>	<b>66,278,061</b>	<b>276,621,308</b>	<b>215,227,979</b>	<b>194,352,567</b>	<b>97,182,087</b>
<b>Liabilities</b>						
Borrowing from the central bank	1,438,896	901	2,859	1,435,136	-	-
Deposits from banks and other financial institutions	137,348,637	1,103,370	45,963,437	25,205,000	65,076,830	-
Borrowings from banks and other financial institutions	17,315,110	88,203	15,991,006	1,235,901	-	-
Financial assets sold under repurchase agreements	107,181,604	192,120	106,011,606	977,878	-	-
Deposits from customers	476,072,906	10,869,833	121,956,607	161,086,592	182,152,048	7,826
Debt securities payable	35,297,113	150,893	25,006,475	6,143,380	-	3,996,365
Others	3,997,447	3,336,920	181,888	327,697	106,034	44,908
<b>Total liabilities</b>	<b>778,651,713</b>	<b>15,742,240</b>	<b>315,113,878</b>	<b>196,411,584</b>	<b>247,334,912</b>	<b>4,049,099</b>
<b>Asset-liability gap</b>	<b>71,010,289</b>	<b>50,535,821</b>	<b>(38,492,570)</b>	<b>18,816,395</b>	<b>(52,982,345)</b>	<b>93,132,988</b>

## 49 Risk management *(continued)*

### (b) Market risk *(continued)*

#### (i) Interest rate risk *(continued)*

##### *Trading interest rate risk (continued)*

The following tables indicate the assets and liabilities at the end of the relevant reporting periods by the expected next reset dates or by maturity dates, depending on which is earlier: *(continued)*

Notes:

- (i) At 30 June 2022, for loans and advances to customers, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB9,199 million (31 December 2021: RMB7,190 million).
- (ii) Investments include financial assets at fair value through profit or loss, at fair value through other comprehensive income and measured at amortized cost. At 30 June 2022, for investments, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB1,303 million (31 December 2021: RMB1,118 million).
- (iii) At 30 June 2022, for finance lease receivables, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB1,655 million (31 December 2021: RMB1,167 million).

##### *Interest rate sensitivity analysis*

The Group uses sensitivity analysis to measure the potential impact of changes in interest rate on the Group’s net profit or loss and equity. As at 30 June 2022, assuming other variables remain unchanged, an increase in estimated interest rate of 100 basis points will cause the net profit to increase RMB597 million (31 December 2021: net profit to increase RMB729 million), and the equity to increase RMB1,696 million (31 December 2021: increase RMB2,071 million); a decrease in estimated interest rate of 100 basis points will cause the net profit to decrease RMB630 million (31 December 2021: net profit to decrease RMB737 million), and the equity to decrease RMB1,782 million (31 December 2021: decrease RMB2,151 million).

## 49 Risk management *(continued)*

### (b) Market risk *(continued)*

#### (i) Interest rate risk *(continued)*

##### *Interest rate sensitivity analysis (continued)*

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of the relevant reporting period apply to non-derivative financial instruments of the Group;
- At the end of the relevant reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the risk management measures taken by the Group.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(b) Market risk (continued)****(ii) Foreign currency risk**

Exchange rate risk refers to the risk of loss in foreign exchange exposure arising from unbalanced currency structure of the foreign exchange assets and liabilities due to adverse movements in exchange rates. The objective of exchange rate risk management is to ensure the impact of exchange rate changes on the Group's financial position and shareholders' equity is kept within an acceptable range.

Exchange rate risk is incorporated into the comprehensive risk management system and the Group's asset and liability management department is responsible for leading management of exchange rate risk, and other business departments implement exchange rate risk management policies and standards according to functional division.

The foreign currency exposures at the end of the relevant reporting periods are as follows:

	At 30 June 2022			Total Unaudited
	RMB Unaudited	USD (RMB Equivalent) Unaudited	Others (RMB Equivalent) Unaudited	
<b>Assets</b>				
Cash and deposits with the central bank	39,784,858	104,301	5,416	39,894,575
Deposits with banks and other financial institutions	12,341,390	605,272	82,760	13,029,422
Loans to banks and other financial institutions	5,234,448	–	–	5,234,448
Loans and advances to customers	574,647,451	137,089	2,116	574,786,656
Others	188,907,325	4,699,195	–	193,606,520
<b>Total assets</b>	<b>820,915,472</b>	<b>5,545,857</b>	<b>90,292</b>	<b>826,551,621</b>
<b>Liabilities</b>				
Borrowing from the central bank	1,267,480	–	–	1,267,480
Deposits from banks and other financial institutions	132,673,234	–	–	132,673,234
Borrowings from banks and other financial institutions	14,770,505	161,554	–	14,932,059
Deposits from customers	483,538,233	1,067,613	26,441	484,632,287
Debt securities payable	36,091,538	–	–	36,091,538
Others	85,594,604	370,547	–	85,965,151
<b>Total liabilities</b>	<b>753,935,594</b>	<b>1,599,714</b>	<b>26,441</b>	<b>755,561,749</b>
<b>Net position</b>	<b>66,979,878</b>	<b>3,946,143</b>	<b>63,851</b>	<b>70,989,872</b>
<b>Off-balance sheet credit commitments</b>	<b>50,775,251</b>	<b>261,449</b>	<b>–</b>	<b>51,036,700</b>

## 49 Risk management (continued)

### (b) Market risk (continued)

#### (ii) Foreign currency risk (continued)

	At 31 December 2021			
	RMB Audited	USD	Others	Total Audited
		(RMB Equivalent) Audited	(RMB Equivalent) Audited	
<b>Assets</b>				
Cash and deposits with the central bank	49,000,749	104,255	270	49,105,274
Deposits with banks and other financial institutions	9,864,106	438,440	56,687	10,359,233
Loans to banks and other financial institutions	5,547,196	–	–	5,547,196
Loans and advances to customers	586,279,381	40,294	3,213	586,322,888
Others	193,969,677	4,357,734	–	198,327,411
<b>Total assets</b>	<b>844,661,109</b>	<b>4,940,723</b>	<b>60,170</b>	<b>849,662,002</b>
<b>Liabilities</b>				
Borrowing from the central bank	1,438,896	–	–	1,438,896
Deposits from banks and other financial institutions	137,348,637	–	–	137,348,637
Borrowings from banks and other financial institutions	17,027,933	287,177	–	17,315,110
Deposits from customers	474,809,336	1,243,159	20,411	476,072,906
Debt securities payable	35,297,113	–	–	35,297,113
Others	110,985,504	193,547	–	111,179,051
<b>Total liabilities</b>	<b>776,907,419</b>	<b>1,723,883</b>	<b>20,411</b>	<b>778,651,713</b>
<b>Net position</b>	<b>67,753,690</b>	<b>3,216,840</b>	<b>39,759</b>	<b>71,010,289</b>
<b>Off-balance sheet credit commitments</b>	<b>73,299,579</b>	<b>471,644</b>	<b>–</b>	<b>73,771,223</b>

## 49 Risk management *(continued)*

### (b) Market risk *(continued)*

#### (ii) Foreign currency risk *(continued)*

The Group uses sensitivity analysis to measure the potential effect of changes in the exchange rates on the Group's net profit or loss and equity. At 30 June 2022, assuming other variables remain unchanged, an appreciation of 1% in the US dollar against the RMB would increase the net profit and the equity by RMB18.11 million (31 December 2021: increase the net profit and the equity by RMB16.57 million); a depreciation of 1% in the US dollar against the RMB would decrease the net profit and the equity by RMB18.11 million (31 December 2021: decrease the net profit and the equity by RMB16.57 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities. Such analysis is based on the following assumptions:

- The foreign exchange sensitivity is the gain and loss recognized as a result of 1% fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 1% is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars change in the same direction simultaneously. Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars, other foreign currencies are converted into US dollars in the above sensitivity analysis to calculate the potential effect on the Group's net profit or loss and equity;
- The foreign exchange exposures calculated include spot and forward foreign exchange exposures and swaps;
- Other variables (including interest rates) remain unchanged; and
- The analysis does not take into account the risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's net profit or loss and equity resulting from the increase or decrease in foreign exchange rates might vary from the estimated results of this sensitivity analysis.

## 49 Risk management (continued)

### (c) Liquidity risk

Liquidity risk represents the risk that the commercial bank is unable to raise sufficient funds at reasonable costs in a timely manner to satisfy due liabilities, to perform other payment obligations and to satisfy other funds requirements of normal businesses. In extreme cases, liquidity insufficiency can lead to settlement risks of commercial banks. Significant growth in the demand for credit facilities, substantial performance of loan commitments, unexpected increase in non-performing loans, sharp decrease in deposit level and financing difficulty in the currency market may affect the Group's liquidity. Meanwhile, adjustment in financial policies, dramatic changes in interest rates in the market, the Group's own asset and liability structure and liquidity management capability are also important factors which affect the Group's liquidity.

Liquidity risk is included in the comprehensive risk management system and the Group has established asset and liability management strategies and liquidity management policies. The Group's Board of Directors is responsible for reviewing and approving liquidity risk appetite, liquidity risk management strategy, important policies and procedures, and continuously monitors the liquidity risk status and reviews liquidity risk reports on a regular basis to keep abreast of liquidity risk level, management status and its significant changes. The Group's asset and liability management committee is responsible for liquidity management of the Bank as a whole and establishes liquidity management targets at the beginning of each year in accordance with the requirements of asset and liability management and regulatory indicators. The Group's asset and liability management department is responsible for the identification, measurement, monitoring and control of liquidity risk, and members of the asset and liability management committee are responsible for the implementation of liquidity management policies.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.

(Expressed in thousands of Renminbi, unless otherwise stated)

**49 Risk management (continued)****(c) Liquidity risk (continued)**

The analysis of assets and liabilities of the Group based on their remaining maturity date as at the end of relevant reporting period is set out below:

	At 30 June 2022							Total Unaudited
	Indefinite Note (i) Unaudited	Repayable on demand Unaudited	Within one month Unaudited	Between one month and three months Unaudited	Between three months and one year Unaudited	Between one year and five years Unaudited	More than five years Unaudited	
<b>Assets</b>								
Cash and deposits with the central bank	37,088,212	2,806,363	-	-	-	-	-	39,894,575
Deposits with banks and other financial institutions	-	13,029,422	-	-	-	-	-	13,029,422
Loans to banks and other financial institutions	-	-	-	5,234,448	-	-	-	5,234,448
Financial assets held under resale agreements	-	-	1,562,739	-	-	-	-	1,562,739
Loans and advances to customers (ii)	8,088,379	2,317,862	28,023,292	185,492,461	190,959,816	137,847,542	22,057,304	574,786,656
Investments (iii)	2,571,195	7,760,744	1,921,990	6,943,829	5,457,869	62,784,901	79,965,934	167,406,462
Finance lease receivables (ii)	1,655,081	-	-	-	-	533,249	-	2,188,330
Others	22,319,031	-	10,714	7,535	111,709	-	-	22,448,989
<b>Total assets</b>	<b>71,721,898</b>	<b>25,914,391</b>	<b>31,518,735</b>	<b>197,678,273</b>	<b>196,529,394</b>	<b>201,165,692</b>	<b>102,023,238</b>	<b>826,551,621</b>
<b>Liabilities</b>								
Borrowing from the central bank	-	-	301,479	191,966	774,035	-	-	1,267,480
Deposits from banks and other financial institutions	-	5,794,447	11,282,121	13,952,239	50,645,722	50,998,705	-	132,673,234
Borrowings from banks and other financial institutions	-	-	8,599,964	3,852,998	2,479,097	-	-	14,932,059
Financial assets sold under repurchase agreements	-	-	78,725,292	1,299,097	2,000,648	-	-	82,025,037
Deposits from customers	-	62,496,138	18,815,935	33,759,477	171,820,812	197,605,926	133,999	484,632,287
Debt securities payable	-	-	7,942,555	12,103,757	12,048,861	-	3,996,365	36,091,538
Others	-	3,314,525	70,723	46,958	359,563	107,931	40,414	3,940,114
<b>Total liabilities</b>	<b>-</b>	<b>71,605,110</b>	<b>125,738,069</b>	<b>65,206,492</b>	<b>240,128,738</b>	<b>248,712,562</b>	<b>4,170,778</b>	<b>755,561,749</b>
<b>Asset-liability gap</b>	<b>71,721,898</b>	<b>(45,690,719)</b>	<b>(94,219,334)</b>	<b>132,471,781</b>	<b>(43,599,344)</b>	<b>(47,546,870)</b>	<b>97,852,460</b>	<b>70,989,872</b>

## 49 Risk management (continued)

### (c) Liquidity risk (continued)

The analysis of assets and liabilities of the Group based on their remaining maturity date as at the end of relevant reporting period is set out below: (continued)

	At 31 December 2021								Total Audited
	Indefinite Note (i) Audited	Repayable on demand Audited	Within one month Audited	Between one month and three months Audited	Between three months and one year Audited	Between one year and five years Audited	More than five years Audited		
<b>Assets</b>									
Cash and deposits with the central bank	37,646,461	11,458,813	-	-	-	-	-	-	49,105,274
Deposits with banks and other financial institutions	-	10,359,233	-	-	-	-	-	-	10,359,233
Loans to banks and other financial institutions	173,266	-	-	5,373,930	-	-	-	-	5,547,196
Financial assets held under resale agreements	-	-	4,905,630	-	-	-	-	-	4,905,630
Loans and advances to customers (ii)	8,758,862	2,319,030	17,653,147	177,505,981	214,009,062	144,150,494	21,926,312	586,322,888	
Investments (iii)	2,625,307	7,247,276	1,414,517	10,369,744	5,782,618	56,554,938	84,417,476	168,411,876	
Finance lease receivables (ii)	1,695,074	-	-	6,853	-	813,242	-	2,515,169	
Others	22,393,557	-	25,868	36,321	38,990	-	-	22,494,736	
<b>Total assets</b>	<b>73,292,527</b>	<b>31,384,352</b>	<b>23,999,162</b>	<b>193,292,829</b>	<b>219,830,670</b>	<b>201,518,674</b>	<b>106,343,788</b>	<b>849,662,002</b>	
<b>Liabilities</b>									
Borrowing from the central bank	-	-	559	2,300	1,436,037	-	-	1,438,896	
Deposits from banks and other financial institutions	-	2,121,099	14,708,109	29,423,713	25,467,894	65,627,822	-	137,348,637	
Borrowings from banks and other financial institutions	-	-	10,412,998	5,659,752	1,242,360	-	-	17,315,110	
Financial assets sold under repurchase agreements	-	-	49,717,406	56,483,615	980,583	-	-	107,181,604	
Deposits from customers	-	58,983,379	17,035,028	48,771,107	164,862,959	186,412,275	8,158	476,072,906	
Debt securities payable	-	-	7,558,918	17,568,691	6,173,139	-	3,996,365	35,297,113	
Others	-	3,343,792	48,130	126,886	329,389	104,342	44,908	3,997,447	
<b>Total liabilities</b>	<b>-</b>	<b>64,448,270</b>	<b>99,481,148</b>	<b>158,036,064</b>	<b>200,492,361</b>	<b>252,144,439</b>	<b>4,049,431</b>	<b>778,651,713</b>	
<b>Asset-liability gap</b>	<b>73,292,527</b>	<b>(33,063,918)</b>	<b>(75,481,986)</b>	<b>35,256,765</b>	<b>19,338,309</b>	<b>(50,625,765)</b>	<b>102,294,357</b>	<b>71,010,289</b>	

#### Notes:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the PBOC. Indefinite amounts of deposits with banks and other financial institutions and loans to banks and other financial institutions represents impaired deposits or balances or those overdue more than one month. Indefinite amount of investments represents impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite.
- (ii) Indefinite amount of loans and advances to customers and finance lease receivables includes all the impaired loans and advances to customers and finance lease receivables, as well as those overdue more than one month. Loans and advances to customers and finance lease receivables with no impairment but overdue within one month are classified into the category of repayable on demand.
- (iii) Investments with no impairment but overdue within one month are classified into the category of repayable on demand.



## 49 Risk management (continued)

### (c) Liquidity risk (continued)

The following tables provide an analysis on utilization of the contractual undiscounted cash flow of the non-derivative financial liabilities, loan commitments and credit card commitments and derivative financial instruments at the end of the relevant reporting period: (continued)

	Carrying amount Audited	Contractual undiscounted cash flow Audited	Repayable on demand Audited	At 31 December 2021					
				Within one month Audited	Between one month and three months Audited	Between three months and one year Audited	Between one year and five years Audited	More than five years Audited	
<b>Non-derivative financial liabilities</b>									
Borrowing from the central bank	1,438,896	1,469,639	-	559	2,300	1,466,780	-	-	
Deposits from banks and other financial institutions	137,348,637	155,747,162	2,121,099	14,715,349	30,219,999	25,862,073	82,828,642	-	
Borrowings from banks and other financial institutions	17,315,110	17,396,203	-	10,426,723	5,693,667	1,275,813	-	-	
Financial assets sold under repurchase agreements	107,181,604	107,463,111	-	49,748,761	56,713,944	1,000,406	-	-	
Deposits from customers	476,072,906	571,522,418	58,983,379	24,110,202	60,783,012	209,507,535	218,128,226	10,064	
Debt securities payable	35,297,113	36,779,262	-	7,600,594	17,678,230	6,282,467	979,109	4,238,862	
Other financial liabilities	1,833,759	1,858,590	1,601,151	-	-	77,807	121,429	58,203	
<b>Total non-derivative financial liabilities</b>	<b>776,488,025</b>	<b>892,236,385</b>	<b>62,705,629</b>	<b>106,602,188</b>	<b>171,091,152</b>	<b>245,472,881</b>	<b>302,057,406</b>	<b>4,307,129</b>	
<b>Loan commitments and credit card commitments</b>									
	-	1,916,680	1,544,297	340,180	20,750	11,453	-	-	
<b>Derivative financial instruments cash flows</b>									
Cash outflow			(429,517)	(1,553,807)	(3,818)	(1,987,142)			
Cash inflow			433,320	1,573,699	3,818	2,010,837			

This analysis on utilization of the non-derivative financial liabilities by contractual undiscounted cash flow might diverge from actual results.

## 50 Fair value of financial instruments

### Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for the determination and disclosure of the fair values of financial instruments, and the three levels are defined below:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group has established policies and internal controls with respect to the measurement of fair values, to specify the framework of fair value measurement of financial instrument, fair value measurement methodologies and operating procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter solutions. Operating procedures specify measurement operating procedures, valuation date, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transactions management. Financial accounting department plays a lead role of developing accounting policies of fair value measurement, valuation methodologies and system implementation. The management of the Group is responsible for verifying trade details and valuation models.

**50 Fair value of financial instruments (continued)****Determination of fair value and fair value hierarchy (continued)**

The following tables show the fair value hierarchy of financial instruments measured at fair value:

	At 30 June 2022			Total Unaudited
	Level 1 Unaudited	Level 2 Unaudited	Level 3 Unaudited	
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
– debt instruments	–	2,495,609	11,441,411	13,937,020
Financial assets at fair value through other comprehensive income				
– debt instruments	–	48,892,006	22,115	48,914,121
– equity instruments	119,511	–	1,187,683	1,307,194
Loans and advances to customers – discounted bills	–	63,179,860	–	63,179,860
Derivative financial assets	–	129,958	–	129,958
<b>Total</b>	<b>119,511</b>	<b>114,697,433</b>	<b>12,651,209</b>	<b>127,468,153</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	–	178,448	–	178,448
<b>Total</b>	<b>–</b>	<b>178,448</b>	<b>–</b>	<b>178,448</b>
<b>Financial assets disclosed at fair value</b>				
Financial assets measured at amortized cost	–	102,575,274	–	102,575,274
<b>Financial liabilities disclosed at fair value</b>				
Tier two capital bonds issued	–	4,062,492	–	4,062,492
Interbank certificates of deposit issued	–	31,860,436	–	31,860,436
<b>Total</b>	<b>–</b>	<b>35,922,928</b>	<b>–</b>	<b>35,922,928</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**50 Fair value of financial instruments (continued)****Determination of fair value and fair value hierarchy (continued)**

The following tables show the fair value hierarchy of financial instruments measured at fair value: (continued)

	At 31 December 2021			Total Audited
	Level 1 Audited	Level 2 Audited	Level 3 Audited	
<b>Financial assets measured at fair value</b>				
Financial assets at fair value through profit or loss				
– debt instruments	–	2,341,492	13,898,946	16,240,438
Financial assets at fair value through other comprehensive income				
– debt instruments	–	56,807,685	346,446	57,154,131
– equity instruments	141,005	–	1,187,683	1,328,688
Loans and advances to customers – discounted bills	–	66,814,874	–	66,814,874
Derivative financial assets	–	101,179	–	101,179
<b>Total</b>	<b>141,005</b>	<b>126,065,230</b>	<b>15,433,075</b>	<b>141,639,310</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	–	87,984	–	87,984
<b>Total</b>	<b>–</b>	<b>87,984</b>	<b>–</b>	<b>87,984</b>
<b>Financial assets disclosed at fair value</b>				
Financial assets measured at amortized cost	–	92,927,324	–	92,927,324
<b>Financial liabilities disclosed at fair value</b>				
Tier two capital bonds issued	–	4,079,732	–	4,079,732
Interbank certificates of deposit issued	–	30,988,185	–	30,988,185
<b>Total</b>	<b>–</b>	<b>35,067,917</b>	<b>–</b>	<b>35,067,917</b>

**50 Fair value of financial instruments (continued)****Determination of fair value and fair value hierarchy (continued)**

Debt instruments are stated at fair value by reference to the quoted market prices when available. If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows or pricing models. For level 2 debt instruments, the fair values of these debts are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

The movement during this period and 2021 in the balance of level 3 fair value measurements are as follows:

	Financial assets at fair value through profit or loss Unaudited	Financial assets at fair value through other comprehensive income – debt instruments Unaudited	Financial assets at fair value through other comprehensive income – equity instruments Unaudited	Total financial assets Unaudited
At 1 January 2022	13,898,946	346,446	1,187,683	15,433,075
Total gains or losses:				
– in profit or loss for the period (included in net trading (losses)/gains)	(288,666)	–	–	(288,666)
– in other comprehensive income	–	666	–	666
Purchases	400,000	–	–	400,000
Sales and settlements	(2,568,869)	(324,997)	–	(2,893,866)
At 30 June 2022	11,441,411	22,115	1,187,683	12,651,209
Total gains or losses for the period included in profit or loss for assets or liabilities held at the end of the period (included in net trading (losses)/gains)	(162,497)	–	–	(162,497)

(Expressed in thousands of Renminbi, unless otherwise stated)

**50 Fair value of financial instruments (continued)****Determination of fair value and fair value hierarchy (continued)**

	Financial assets at fair value through profit or loss Audited	Financial assets designated at fair value through profit or loss Audited	Financial assets at fair value through comprehensive income – debt instruments Audited	Financial assets at fair value through comprehensive income – equity instruments Audited	Total financial assets Audited	Financial liabilities designated at fair value through profit or loss Audited	Total financial liabilities Audited
At 1 January 2021	19,962,055	8,024	-	1,150,418	21,120,497	(7,822)	(7,822)
Total gains or losses:							
- in profit or loss for the year (included in net trading gains/(losses))	(85,034)	178	-	-	(84,856)	(65)	(65)
- in other comprehensive income	-	-	(30)	(14,182)	(14,212)	-	-
Purchases	8,370,859	-	346,476	101,447	8,818,782	-	-
Settlements	(14,348,934)	(8,202)	-	(50,000)	(14,407,136)	7,887	7,887
At 31 December 2021	13,898,946	-	346,446	1,187,683	15,433,075	-	-
Total gains or losses for the period included in profit or loss for assets or liabilities held at the end of the period (included in net trading gains/(loss))	(416,789)	-	-	-	(416,789)	-	-

Subject to the existence of an active market, such as an authorized securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods described below are adopted to determine the fair values of these assets or liabilities:

- (i) The debt instruments are not quoted in an active market. In the absence of any other market data for reference, the fair values of debt instruments are estimated on the basis of discounted cash flows. The significant unobservable input is discount rate. The lower the discount rate, the higher the fair value.
- (ii) The fair values of tier two capital bonds payable, financial assets measured at amortized cost and interbank certificates of deposit payable are determined with reference to the available market values. If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows. The significant unobservable input is discount rate.
- (iii) The fair value of equity instruments is determined with reference to the available market values. If quoted market prices are not available, fair values are estimated on the basis of recent transaction prices or discounted cash flow, where the significant input is discount rate. The higher the discount rate, the lower the fair value.

## 50 Fair value of financial instruments *(continued)*

### Determination of fair value and fair value hierarchy *(continued)*

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other financial institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

At 30 June 2022, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

## 51 Entrusted lending business

The entrusted business of the Group includes the entrusted loans issued with funds entrusted by legal persons, unincorporated organizations, individual business and natural persons with full civil capacity. The funds exclude entrusted loans under cash management and entrusted loans under housing accumulation fund. The Group's entrusted lending business is not subject to any credit risk. The Group only holds and manages these assets and liabilities as an agent in accordance with the instructions of the entrusting party, and charges a service charge for the services provided. Since the entrusted assets are not assets of the Group, they are not recognized in the balance sheet.

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Entrusted loans	46,869,301	46,885,701
Entrusted funds	46,869,301	46,885,701

(Expressed in thousands of Renminbi, unless otherwise stated)

## 52 Commitments and contingent liabilities

### (a) Credit commitments

The Group's credit commitments include loans commitments, credit card commitments, acceptances, letters of credit and letters of guarantees.

The contractual amounts of loans and credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides letters of guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The management of the Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Loan commitments		
– Original contractual maturity within one year	41,355	485,056
– Original contractual maturity more than one year (inclusive)	87,798	–
Credit card commitments	1,494,224	1,431,624
<b>Subtotal</b>	<b>1,623,377</b>	<b>1,916,680</b>
Acceptances	45,556,453	66,702,718
Letters of guarantees	1,499,262	1,786,202
Letters of credit	2,357,608	3,365,623
<b>Total</b>	<b>51,036,700</b>	<b>73,771,223</b>

The Group may be exposed to credit risk in all the above credit businesses. The management of the Group periodically assesses credit risk and recognizes provisions for expected credit losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

## 52 Commitments and contingent liabilities (continued)

### (b) Capital commitments

As at 30 June 2022 and 31 December 2021, the Group's authorized capital commitments are as follows:

	At 30 June 2022 Unaudited	At 31 December 2021 Audited
Contracted but not provided for – Purchase of property and equipment	62,529	35,126

### (c) Outstanding litigations and disputes

As at the end of the Reporting Period, the Bank had a total of one major outstanding litigation case as defendant involving an amount of RMB8,779,350. The above litigation cases will not have a material adverse impact on the Bank's operating activities.

The Bank has been involved in a technology contract dispute in September 2020. The defendant (the plaintiff in the counterclaim) filed a counterclaim on the dispute arising from the software development contract signed with Bank of Jinzhou. Since the Bank won the case in the first instance in 2020 and the defendant (the plaintiff in the counterclaim) was not satisfied with the sentence, the case was remanded to the original court for a first instance retrial after the defendant (the plaintiff in the counterclaim) appealed to the Liaoning Higher People's Court for the second instance in 2021. The Bank is liable for a payment of RMB2,007,900 according to the first-instance judgment. On 18 August 2022, the second instance had been held with no judgment being made. The possibility of the Bank losing the case cannot be judged for the time being.

### 53 Transfers of financial assets

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

#### Repurchase agreements

Transferred financial assets that do not qualify for derecognition mainly include securities held by counterparties as collateral under repurchase. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that the Group retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, the Group recognized a financial liability for cash received.

At 30 June 2022 and 31 December 2021, none of the above-mentioned financial assets which did not qualify for derecognition was transferred to third parties.

### 54 Events after the reporting period

As of the approval date of these financial statements, the Group has no significant events after the reporting period which needs to be disclosed.

### 55 Approval of the condensed consolidated interim financial statements

The financial statements were approved and authorized for issue by the Board of Directors on 19 August 2022.

# CHAPTER 11 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

## 1. Liquidity coverage ratio and leverage ratio (%)

### (a) Liquidity coverage ratio

	At 30 June 2022	Average for the year ended 30 June 2022
Liquidity coverage ratio (RMB and foreign currency)	50.42%	54.56%

	At 31 December 2021	Average for the year ended 31 December 2021
Liquidity coverage ratio (RMB and foreign currency)	58.69%	56.34%

### (b) Leverage ratio

	At 30 June 2022	At 31 December 2021
Leverage ratio	7.61%	7.28%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the CBRC on 1 April 2015, a minimum leverage ratio of 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP.

(Expressed in thousands of Renminbi, unless otherwise stated)

**2. Currency concentration**

	USD RMB equivalent	HKD RMB equivalent	Others RMB equivalent	Total
At 30 June 2022				
Spot assets	5,374,981	14,629	92,170	5,481,780
Spot liabilities	(1,684,929)	(3,221)	(17,094)	(1,705,244)
Net long position	3,690,052	11,408	75,076	3,776,536
Net structural position	-	-	-	-
At 31 December 2021				
Spot assets	4,812,263	15,728	55,412	4,883,403
Spot liabilities	(1,762,865)	(3,122)	(18,195)	(1,784,182)
Net long position	3,049,398	12,606	37,217	3,099,221
Net structural position	-	-	-	-

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. International claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims. International claims include loans and advances to customers, deposits with the central bank and deposits with banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	At 30 June 2022		
	Bank and other financial institutions	Non-bank private sector	Total
Asia Pacific	722,712	2,418,581	3,141,293
of which: Hong Kong	270,880	2,331,699	2,602,579
Europe	2,045,358	–	2,045,358
North and South America	280,767	–	280,767
<b>Total</b>	<b>3,048,837</b>	<b>2,418,581</b>	<b>5,467,418</b>

	At 31 December 2021		
	Bank and other financial institutions	Non-bank private sector	Total
Asia Pacific	455,285	1,775,982	2,231,267
of which: Hong Kong	244,592	1,775,982	2,020,574
Europe	1,942,307	–	1,942,307
North and South America	366,968	–	366,968
<b>Total</b>	<b>2,764,560</b>	<b>1,775,982</b>	<b>4,540,542</b>

(Expressed in thousands of Renminbi, unless otherwise stated)

**4. Loans and advances overdue for more than 90 days by geographical segments**

	At 30 June 2022	At 31 December 2021
Jinzhou Region	6,819,325	4,463,629
Other Northeastern Region	7,837,098	6,788,716
Northern China Region	2,149,892	1,006,290
<b>Total</b>	<b>16,806,315</b>	<b>12,258,635</b>

**5. Gross amount of loans and advances overdue for more than 90 days**

	At 30 June 2022	At 31 December 2021
Loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	4,462,155	2,584,345
– between 6 months and 1 year (inclusive)	3,103,040	944,776
– between 1 year and 3 years (inclusive)	5,582,080	7,746,485
– over 3 years	3,659,040	983,029
<b>Total</b>	<b>16,806,315</b>	<b>12,258,635</b>
As a percentage of total gross loans and advances:		
– between 3 and 6 months (inclusive)	0.79%	0.45%
– between 6 months and 1 year (inclusive)	0.55%	0.16%
– between 1 year and 3 years (inclusive)	0.99%	1.34%
– over 3 years	0.65%	0.17%
<b>Total</b>	<b>2.98%</b>	<b>2.12%</b>

The above analysis includes total gross loans and advances overdue for more than 90 days. Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

At 30 June 2022, the principal amount of loans and advances overdue more than 90 days of the Group was RMB16,806 million (31 December 2021: RMB12,259 million). The covered portion of these overdue loans and advances was RMB3,818 million (31 December 2021: RMB2,373 million).

**6. Non-bank Mainland China exposure**

The Bank is a commercial bank incorporated in Mainland China with its banking business conducted in Mainland China. As of 30 June 2022 and 31 December 2021, substantial amounts of the Bank's exposures arose from businesses with Mainland China entities or individuals.



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