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**中国建设银行**  
China Construction Bank

**中國建設銀行股份有限公司**

**CHINA CONSTRUCTION BANK CORPORATION**

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

Stock Code: 939 (Ordinary H-Share)

## **INTERIM RESULTS ANNOUNCEMENT**

**For the Six Months Ended 30 June 2021**

The board of directors of China Construction Bank Corporation (the “Bank”) is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the “Group”) for the six months ended 30 June 2021 prepared in accordance with the applicable disclosure provisions of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (“Listing Rules of Hong Kong Stock Exchange”) and *International Accounting Standard No. 34 - Interim Financial Reporting*. The interim results have been reviewed by the Audit Committee and external auditors of the Bank.

## 1 FINANCIAL HIGHLIGHTS

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

(Expressed in millions of RMB unless otherwise stated)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)	Six months ended 30 June 2019
<b>For the period</b>				
Net interest income <sup>1</sup>	296,085	281,508	5.18	263,380
Net fee and commission income <sup>1</sup>	69,438	65,006	6.82	63,751
Operating income	380,907	359,924	5.83	344,387
Profit before tax	184,463	168,773	9.30	191,180
Net profit	154,106	138,939	10.92	155,708
Net profit attributable to equity shareholders of the Bank	153,300	137,626	11.39	154,190
<b>Per share (In RMB)</b>				
Basic and diluted earnings per share <sup>2</sup>	0.61	0.55	10.91	0.62
<b>Profitability indicators (%)</b>				
			Change +/-	
Annualised return on average assets <sup>3</sup>	1.06	1.05	0.01	1.31
Annualised return on average equity <sup>2</sup>	13.10	12.65	0.45	15.62
Net interest spread <sup>1</sup>	1.95	2.04	(0.09)	2.16
Net interest margin <sup>1</sup>	2.13	2.20	(0.07)	2.32
Net fee and commission income to operating income <sup>1</sup>	18.23	18.06	0.17	18.51
Cost-to-income ratio <sup>4</sup>	22.22	21.25	0.97	21.93

1. The income from credit card instalment business has been reclassified and the prior years' comparatives have been adjusted accordingly.

2. Calculated in accordance with the *Rule No.9 on the Preparation of Information Disclosure of Companies Issuing Public Securities - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)* issued by the CSRC, and are attributable to ordinary shareholders of the Bank.

3. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then annualising the quotient.

4. Operating expenses (after deduction of taxes and surcharges) divided by operating income.

(Expressed in millions of RMB unless otherwise stated)	As at 30 June 2021	As at 31 December 2020	Change (%)	As at 31 December 2019
<b>At the end of the period</b>				
Net loans and advances to customers <sup>1</sup>	17,493,902	16,231,369	7.78	14,542,001
Total assets	29,833,188	28,132,254	6.05	25,436,261
Deposits from customers	22,317,969	20,614,976	8.26	18,366,293
Total liabilities	27,370,847	25,742,901	6.32	23,201,134
Total equity	2,462,341	2,389,353	3.05	2,235,127
Total equity attributable to equity shareholders of the Bank	2,436,972	2,364,808	3.05	2,216,257
Share capital	250,011	250,011	-	250,011
Common Equity Tier 1 capital after regulatory adjustments <sup>2</sup>	2,334,870	2,261,449	3.25	2,089,976
Additional Tier 1 capital after regulatory adjustments <sup>2</sup>	100,070	100,068	-	119,716
Tier 2 capital after regulatory adjustments <sup>2</sup>	491,575	471,164	4.33	427,896
Total capital after regulatory adjustments <sup>2</sup>	2,926,515	2,832,681	3.31	2,637,588
Risk-weighted assets <sup>2</sup>	17,646,361	16,604,591	6.27	15,053,291
<b>Per share (In RMB)</b>				
Net assets per share attributable to ordinary shareholders of the Bank	9.35	9.06	3.20	8.39
<b>Capital adequacy indicators (%)</b>			Change +/-	
Common Equity Tier 1 ratio <sup>2</sup>	13.23	13.62	(0.39)	13.88
Tier 1 ratio <sup>2</sup>	13.80	14.22	(0.42)	14.68
Total capital ratio <sup>2</sup>	16.58	17.06	(0.48)	17.52
Total equity to total assets	8.25	8.49	(0.24)	8.79
<b>Asset quality indicators (%)</b>			Change +/-	
Non-performing loan (NPL) ratio	1.53	1.56	(0.03)	1.42
Allowances to NPLs <sup>3</sup>	222.39	213.59	8.80	227.69
Allowances to total loans <sup>3</sup>	3.41	3.33	0.08	3.23

1. The income from credit card instalment business has been reclassified and the prior years' comparatives have been adjusted accordingly.

2. Calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional)*, the advanced capital measurement approaches, and applicable rules for the transitional period.

3. Allowances for impairment losses on loans include the allowances for impairment losses on discounted bills measured at fair value through other comprehensive income, and the total loans and the NPLs do not include the accrued interest.

## 2 Financial Statements

### Consolidated statement of comprehensive income

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended June 30		Change(%)
	2021 (Unaudited)	2020 (Unaudited)	
Interest income	515,949	485,537	6.26
Interest expense	(219,864)	(204,029)	7.76
<b>Net interest income</b>	<b>296,085</b>	<b>281,508</b>	<b>5.18</b>
Fee and commission income	77,570	72,706	6.69
Fee and commission expense	(8,132)	(7,700)	5.61
<b>Net fee and commission income</b>	<b>69,438</b>	<b>65,006</b>	<b>6.82</b>
Net trading gain	2,870	3,313	(13.37)
Dividend income	3,657	1,496	144.45
Net gain arising from investment securities	1,853	3,984	(53.49)
Net gain on derecognition of financial assets measured at amortised cost	2,527	1,381	82.98
Other operating income, net:			
- Other operating income	40,289	32,779	22.91
- Other operating expense	(35,812)	(29,543)	21.22
<b>Other operating income, net</b>	<b>4,477</b>	<b>3,236</b>	<b>38.35</b>
<b>Operating income</b>	<b>380,907</b>	<b>359,924</b>	<b>5.83</b>
<b>Operating expenses</b>	<b>(88,160)</b>	<b>(79,805)</b>	<b>10.47</b>
	<b>292,747</b>	<b>280,119</b>	<b>4.51</b>
Credit impairment losses	(108,320)	(111,378)	(2.75)
Other impairment losses	(192)	(188)	2.13
<b>Share of profits of associates and joint ventures</b>	<b>228</b>	<b>220</b>	<b>3.64</b>
<b>Profit before tax</b>	<b>184,463</b>	<b>168,773</b>	<b>9.30</b>
Income tax expense	(30,357)	(29,834)	1.75
<b>Net profit</b>	<b>154,106</b>	<b>138,939</b>	<b>10.92</b>

**Consolidated statement of comprehensive income (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended June 30		Change(%)
	2021 (Unaudited)	2020 (Unaudited)	
<b>Other comprehensive income:</b>			
(1)Other comprehensive income that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	121	160	(24.38)
Fair value changes of equity instruments designated as measured at fair value through other comprehensive income	(139)	(277)	(49.82)
Others	4	-	N/A
Subtotal	<u>(14)</u>	<u>(117)</u>	<u>(88.03)</u>
(2)Other comprehensive income that may be reclassified subsequently to profit or loss			
Fair value changes of debt instruments measured at fair value through other comprehensive income	2,627	6,825	(61.51)
Allowances for credit losses of debt instruments measured at fair value through other comprehensive income	(47)	605	(107.77)
Reclassification adjustments included in profit or loss due to disposals	(248)	(377)	(34.22)
Net gain on cash flow hedges	245	115	113.04
Exchange difference on translating foreign operations	<u>(2,819)</u>	<u>180</u>	<u>(1,666.11)</u>
Subtotal	<u>(242)</u>	<u>7,348</u>	<u>(103.29)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u><u>(256)</u></u>	<u><u>7,231</u></u>	<u><u>(103.54)</u></u>

**Consolidated statement of comprehensive income (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended June 30		Change(%)
	2021 (Unaudited)	2020 (Unaudited)	
<b>Total comprehensive income for the period</b>	<u>153,850</u>	<u>146,170</u>	<u>5.25</u>
Net profit attributable to:			
Equity shareholders of the Bank	153,300	137,626	11.39
Non-controlling interests	<u>806</u>	<u>1,313</u>	<u>(38.61)</u>
	<u>154,106</u>	<u>138,939</u>	<u>10.92</u>
Total comprehensive income attributable to:			
Equity shareholders of the Bank	153,007	144,813	5.66
Non-controlling interests	<u>843</u>	<u>1,357</u>	<u>(37.88)</u>
	<u>153,850</u>	<u>146,170</u>	<u>5.25</u>
<b>Basic and diluted earnings per share (in RMB Yuan)</b>	<u>0.61</u>	<u>0.55</u>	<u>10.91</u>

**Consolidated statement of financial position**
*(Expressed in millions of RMB, unless otherwise stated)*

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>	<u>Change(%)</u>
<b>Assets:</b>			
Cash and deposits with central banks	2,780,438	2,816,164	(1.27)
Deposits with banks and non-bank financial institutions	469,534	453,233	3.60
Precious metals	132,842	101,671	30.66
Placements with banks and non-bank financial institutions	330,107	368,404	(10.40)
Positive fair value of derivatives	52,304	69,029	(24.23)
Financial assets held under resale agreements	705,282	602,239	17.11
Loans and advances to customers	17,493,902	16,231,369	7.78
Financial investments			
Financial assets measured at fair value through profit or loss	575,380	577,952	(0.45)
Financial assets measured at amortised cost	4,696,655	4,505,243	4.25
Financial assets measured at fair value through other comprehensive income	1,956,288	1,867,458	4.76
Long-term equity investments	14,755	13,702	7.69
Fixed assets	166,138	172,505	(3.69)
Land use rights	13,818	14,118	(2.12)
Intangible assets	5,100	5,279	(3.39)
Goodwill	2,168	2,210	(1.90)
Deferred tax assets	102,518	92,950	10.29
Other assets	335,959	238,728	40.73
<b>Total assets</b>	<u>29,833,188</u>	<u>28,132,254</u>	<u>6.05</u>

**Consolidated statement of financial position (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>	<u>Change(%)</u>
<b>Liabilities:</b>			
Borrowings from central banks	765,913	781,170	(1.95)
Deposits from banks and non-bank financial institutions	1,778,272	1,943,634	(8.51)
Placements from banks and non-bank financial institutions	366,938	349,638	4.95
Financial liabilities measured at fair value through profit or loss	292,401	254,079	15.08
Negative fair value of derivatives	43,797	81,956	(46.56)
Financial assets sold under repurchase agreements	115,668	56,725	103.91
Deposits from customers	22,317,969	20,614,976	8.26
Accrued staff costs	31,387	35,460	(11.49)
Taxes payable	51,114	84,161	(39.27)
Provisions	63,729	54,114	17.77
Debt securities issued	957,161	940,197	1.80
Deferred tax liabilities	1,401	1,551	(9.67)
Other liabilities	<u>585,097</u>	<u>545,240</u>	<u>7.31</u>
<b>Total liabilities</b>	<u><u>27,370,847</u></u>	<u><u>25,742,901</u></u>	<u><u>6.32</u></u>



**Consolidated statement of financial position (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>	<u>Change(%)</u>
<b>Equity:</b>			
Share capital	250,011	250,011	-
Other equity instruments			
Preference shares	59,977	59,977	-
Perpetual bonds	39,991	39,991	-
Capital reserve	134,924	134,263	0.49
Other comprehensive income	14,755	15,048	(1.95)
Surplus reserve	275,995	275,995	-
General reserve	349,885	350,228	(0.10)
Retained earnings	<u>1,311,434</u>	<u>1,239,295</u>	<u>5.82</u>
Total equity attributable to equity shareholders of the Bank	2,436,972	2,364,808	3.05
Non-controlling interests	<u>25,369</u>	<u>24,545</u>	<u>3.36</u>
<b>Total equity</b>	<u><u>2,462,341</u></u>	<u><u>2,389,353</u></u>	<u><u>3.05</u></u>
<b>Total liabilities and equity</b>	<u><u>29,833,188</u></u>	<u><u>28,132,254</u></u>	<u><u>6.05</u></u>

**Consolidated statement of changes in equity**

(Expressed in millions of RMB, unless otherwise stated)

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

**Consolidated statement of changes in equity (continued)**

(Expressed in millions of RMB, unless otherwise stated)

	(Unaudited)									
	Attributable to equity shareholders of the Bank								Non- controlling interests	Total equity
	Share capital	Other equity instruments Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings		
<b>As at 1 January 2020</b>	250,011	79,636	39,991	134,537	31,986	249,178	314,389	1,116,529	18,870	2,235,127
<b>Movements during the period</b>	-	-	-	-	7,187	-	132	57,490	1,381	66,190
<b>(1) Total comprehensive income for the period</b>	-	-	-	-	7,187	-	-	137,626	1,357	146,170
<b>(2) Changes in share capital</b>										
i Capital injection by other shareholders	-	-	-	-	-	-	-	-	75	75
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	-	58	58
iii Disposal of subsidiaries	-	-	-	-	-	-	-	-	(14)	(14)
<b>(3) Profit distribution</b>										
i Appropriation to general reserve	-	-	-	-	-	-	132	(132)	-	-
ii Dividends to ordinary shareholders	-	-	-	-	-	-	-	(80,004)	-	(80,004)
iii Dividends to non-controlling interests holders	-	-	-	-	-	-	-	-	(95)	(95)
<b>As at 30 June 2020</b>	250,011	79,636	39,991	134,537	39,173	249,178	314,521	1,174,019	20,251	2,301,317

**Consolidated statement of changes in equity (continued)**

(Expressed in millions of RMB, unless otherwise stated)

	(Audited)									
	Attributable to equity shareholders of the Bank							Non-controlling interests	Total equity	
	Share capital	Other equity instruments Preference shares	Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	General reserve			Retained earnings
<b>As at 1 January 2020</b>	250,011	79,636	39,991	134,537	31,986	249,178	314,389	1,116,529	18,870	2,235,127
<b>Movements during the year</b>	-	(19,659)	-	(274)	(16,938)	26,817	35,839	122,766	5,675	154,226
<b>(1) Total comprehensive income for the year</b>	-	-	-	-	(16,938)	-	-	271,050	2,549	256,661
<b>(2) Changes in share capital</b>										
i Capital injection by other shareholders	-	-	-	-	-	-	-	-	3,607	3,607
ii Capital deduction by other equity instrument holders	-	(19,659)	-	(274)	-	-	-	-	-	(19,933)
iii Disposal of subsidiaries	-	-	-	-	-	-	-	-	(15)	(15)
iv Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	-	46	46
<b>(3) Profit distribution</b>										
i Appropriation to surplus reserve	-	-	-	-	-	26,817	-	(26,817)	-	-
ii Appropriation to general reserve	-	-	-	-	-	-	35,839	(35,839)	-	-
iii Dividends to ordinary shareholders	-	-	-	-	-	-	-	(80,004)	-	(80,004)
iv Dividends to other equity instruments holders	-	-	-	-	-	-	-	(5,624)	-	(5,624)
v Dividends to non-controlling interests holders	-	-	-	-	-	-	-	-	(512)	(512)
<b>As at 31 December 2020</b>	250,011	59,977	39,991	134,263	15,048	275,995	350,228	1,239,295	24,545	2,389,353

**Consolidated statement of cash flows**

*(Expressed in millions of RMB, unless otherwise stated)*

	<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b><i>Cash flows from operating activities</i></b>		
Profit before tax	184,463	168,773
<i>Adjustments for:</i>		
-Credit impairment losses	108,320	111,378
-Other impairment losses	192	188
-Depreciation and amortisation	13,185	13,070
-Interest income from impaired financial assets	(2,364)	(1,710)
-Revaluation loss on financial instruments measured at fair value through profit or loss	552	484
-Share of profits of associates and joint ventures	(228)	(220)
-Dividend income	(3,657)	(1,496)
-Unrealised foreign exchange (gain)/loss	(8,347)	1,823
-Interest expense on bonds issued	9,014	8,432
-Interest income from investment securities and net income from disposal	(110,080)	(101,697)
-Net (gain)/loss on disposal of fixed assets and other long-term assets	(182)	21
	<u>190,868</u>	<u>199,046</u>

**Consolidated statement of cash flows (continued)**

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b><i>Cash flows from operating activities (continued)</i></b>		
<i>Changes in operating assets:</i>		
Net decrease/(increase) in deposits with central banks and with banks and non-bank financial institutions	67,846	(605,099)
Net decrease/(increase) in placements with banks and non-bank financial institutions	6,791	(24,339)
Net (increase)/decrease in financial assets held under resale agreements	(103,211)	105,505
Net increase in loans and advances to customers	(1,365,735)	(1,458,816)
Net decrease in financial assets held for trading purposes	5,879	31,373
Net increase in other operating assets	<u>(123,181)</u>	<u>(184,720)</u>
	<u>(1,511,611)</u>	<u>(2,136,096)</u>
<i>Changes in operating liabilities:</i>		
Net (decrease)/increase in borrowings from central banks	(20,583)	38,549
Net increase in deposits from customers and from banks and non-bank financial institutions	1,512,541	2,073,737
Net increase/(decrease) in placements from banks and non-bank financial institutions	19,702	(57,500)
Net increase in financial liabilities measured at fair value through profit or loss	38,521	130,648
Net increase in financial assets sold under repurchase agreements	59,138	10,031
Net decrease in certificates of deposit issued	(20,463)	(167,508)
Income tax paid	(74,013)	(81,859)
Net (decrease)/increase in other operating liabilities	<u>(21,941)</u>	<u>53,652</u>
	<u>1,492,902</u>	<u>1,999,750</u>
<b>Net cash from operating activities</b>	<u>172,159</u>	<u>62,700</u>

**Consolidated statement of cash flows (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b><i>Cash flows from investing activities</i></b>		
Proceeds from sales and redemption of financial investments	1,000,396	782,014
Interest and dividends received	111,886	97,230
Proceeds from disposal of fixed assets and other long-term assets	1,049	473
Purchase of investment securities	(1,287,737)	(1,319,629)
Purchase of fixed assets and other long-term assets	(5,422)	(6,203)
Acquisition of subsidiaries, associates and joint ventures	(1,440)	(2,580)
Cash payment for other investing activities	-	(21)
<b>Net cash used in investing activities</b>	<b>(181,268)</b>	<b>(448,716)</b>
<b><i>Cash flows from financing activities</i></b>		
Issue of bonds	54,102	25,947
Cash received from subsidiaries' capital injection by non-controlling interests holders	770	75
Dividends paid	(100)	(95)
Repayment of borrowings	(18,203)	(36,884)
Cash paid by subsidiaries for purchase of non-controlling interests holders' equity	-	(19)
Interest paid on bonds issued	(2,293)	(3,418)
Cash payment for other financing activities	(3,317)	(3,939)
<b>Net cash from/(used in) financing activities</b>	<b>30,959</b>	<b>(18,333)</b>

**Consolidated statement of cash flows (continued)**
*(Expressed in millions of RMB, unless otherwise stated)*

	<u>Six months ended 30 June</u>	
	<u>2021</u> <u>(Unaudited)</u>	<u>2020</u> <u>(Unaudited)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(4,623)</u>	<u>4,766</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	17,227	(399,583)
<b>Cash and cash equivalents as at 1 January</b>	<u>878,931</u>	<u>1,052,340</u>
<b>Cash and cash equivalents as at 30 June</b>	<u>896,158</u>	<u>652,757</u>
<b>Cash flows from operating activities include:</b>		
Interest received, excluding interest income from investment securities	<u>400,886</u>	<u>372,826</u>
Interest paid, excluding interest expense on bonds issued	<u>(166,364)</u>	<u>(159,512)</u>

**Notes:**

- (1) Except for the new or revised IFRS and Interpretations effective for the period ended 30 June 2021 and adopted by the Group, there are no significant changes in the accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2020.
- (2) Unless otherwise stated, the financial figures are expressed in millions of RMB.
- (3) For the purpose of this results announcement, the Chinese mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC and Taiwan.



**(4) Net gain arising from investment securities**

	<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>
Net gain related to financial assets designated as measured at fair value through profit or loss	1,071	3,269
Net loss related to financial liabilities designated as measured at fair value through profit or loss	(5,371)	(4,298)
Net gain related to other financial assets and liabilities measured at fair value through profit or loss	5,307	4,178
Net gain related to financial assets measured at fair value through other comprehensive income	520	257
Net revaluation gain reclassified from other comprehensive income on disposal	330	503
Others	(4)	75
<b>Total</b>	<b><u>1,853</u></b>	<b><u>3,984</u></b>

**(5) Operating expenses**

	Six months ended 30 June	
	2021	2020
Staff costs		
- Salaries, bonuses, allowances and subsidies	34,608	33,102
- Housing funds	3,378	3,136
- Union running costs and employee education costs	1,121	1,246
- Defined contribution plans	7,003	4,329
- Early retirement expenses	1	9
- Compensation to employees for termination of employment relationship	3	-
- Others	4,502	3,435
	<u>50,616</u>	<u>45,257</u>
Premises and equipment expenses		
- Depreciation charges	11,670	11,716
- Rent and property management expenses	1,973	1,929
- Maintenance	1,076	917
- Utilities	792	715
- Others	974	937
	<u>16,485</u>	<u>16,214</u>
Taxes and surcharges	3,538	3,336
Amortisation expenses	1,515	1,354
Other general and administrative expenses	<u>16,006</u>	<u>13,644</u>
Total	<u>88,160</u>	<u>79,805</u>

**(6) Income tax expense**
**① Income tax expense**

	Six months ended 30 June	
	2021	2020
Current tax	40,842	42,634
- The Chinese mainland	39,905	41,290
- Hong Kong	470	630
- Other countries and regions	467	714
Adjustments for prior years	-	473
Deferred tax	(10,485)	(13,273)
<b>Total</b>	<b>30,357</b>	<b>29,834</b>

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

**② Reconciliation between income tax expense and accounting profit**

	Note	Six months ended 30 June	
		2021	2020
Profit before tax		184,463	168,773
Income tax calculated at the 25% statutory tax rate		46,116	42,193
Effects of different applicable rates of tax prevailing in other countries/regions		(104)	(303)
Non-deductible expenses	(a)	6,539	6,984
Non-taxable income	(b)	(22,194)	(19,513)
Adjustments on income tax for prior years which affect profit or loss		-	473
<b>Income tax expense</b>		<b>30,357</b>	<b>29,834</b>

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

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

## (7) Earnings per share

Basic earnings per share for the six months ended 30 June 2021 and 2020 has been computed by dividing the net profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the periods.

For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares declared in respect of the period should be deducted from the amounts attributable to equity shareholders of the Bank. The Bank has not declared any dividend on preference shares for the six months ended 30 June 2021.

The conversion feature of preference shares is considered to be contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2021 and 2020, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation.

	Six months ended 30 June	
	2021	2020
Net profit attributable to equity shareholders of the Bank	153,300	137,626
Net profit attributable to ordinary shareholders of the Bank	153,300	137,626
Weighted average number of ordinary shares (in millions of shares)	250,011	250,011
Basic earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)	0.61	0.55
Diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB Yuan)	0.61	0.55

**(8) Derivatives and hedge accounting**

## ① Analysed by type of contract

	Note	30 June 2021			31 December 2020		
		Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate contracts		688,408	1,721	2,980	650,225	1,802	4,168
Exchange rate contracts		3,143,422	43,416	39,249	3,461,021	63,881	73,376
Other contracts (a)		158,466	7,167	1,568	126,071	3,346	4,412
<b>Total</b>		<b>3,990,296</b>	<b>52,304</b>	<b>43,797</b>	<b>4,237,317</b>	<b>69,029</b>	<b>81,956</b>

## ② Analysed by counterparty credit risk-weighted assets

	Note	30 June 2021	31 December 2020
Counterparty credit default risk-weighted assets			
- Interest rate contracts		4,256	4,073
- Exchange rate contracts		39,315	38,946
- Other contracts (a)		19,271	10,015
<b>Subtotal</b>		<b>62,842</b>	<b>53,034</b>
Risk-weighted assets for credit valuation adjustment		14,211	14,739
<b>Total</b>		<b>77,053</b>	<b>67,773</b>

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

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

**(8) Derivatives and hedge accounting (continued)**
**③ Hedge accounting**

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

	30 June 2021			31 December 2020		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	31,588	77	(679)	29,692	62	(1,131)
Cross currency swaps	29	-	(2)	30	-	(3)
Cash flow hedges						
Foreign exchange swaps	9,640	46	(51)	7,082	273	(82)
Cross currency swaps	646	-	(65)	654	-	(95)
Interest rate swaps	6,698	-	(70)	8,028	-	(160)
<b>Total</b>	<b>48,601</b>	<b>123</b>	<b>(867)</b>	<b>45,486</b>	<b>335</b>	<b>(1,471)</b>

**(a) Fair value hedges**

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

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

	Six months ended 30 June	
	2021	2020
Net gains/(losses) on		
- hedging instruments	432	(1,099)
- hedged items	(432)	1,124

The gain and loss arising from the ineffective portion of fair value hedges were immaterial for the six months ended 30 June 2021 and 2020.

**(b) Cash flow hedges**

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

**(8) Derivatives and hedge accounting (continued)**
**③ Hedge accounting (continued)**
**(b) Cash flow hedges (continued)**

For the six months ended 30 June 2021, the Group's net gain from the cash flow hedges of RMB245 million was recognised in other comprehensive income (for the six months ended 30 June 2020: net gain from cash flow hedges of RMB115 million) and the gain and loss arising from the ineffective portion of cash flow hedges was immaterial.

**(9) Deposits from customers**

	<u>30 June 2021</u>	<u>31 December 2020</u>
Demand deposits		
- Corporate customers	6,770,328	6,354,893
- Personal customers	<u>4,915,232</u>	<u>4,716,452</u>
Subtotal	<u>11,685,560</u>	<u>11,071,345</u>
Time deposits (including call deposits)		
- Corporate customers	3,868,486	3,596,898
- Personal customers	<u>6,450,333</u>	<u>5,670,385</u>
Subtotal	<u>10,318,819</u>	<u>9,267,283</u>
Accrued interest	<u>313,590</u>	<u>276,348</u>
Total	<u>22,317,969</u>	<u>20,614,976</u>
Deposits from customers include:		
	<u>30 June 2021</u>	<u>31 December 2020</u>
① Pledged deposits		
- Deposits for acceptance	76,128	63,427
- Deposits for guarantee	41,184	42,540
- Deposits for letter of credit	18,849	17,760
- Others	<u>234,899</u>	<u>190,387</u>
Total	<u>371,060</u>	<u>314,114</u>
② Outward remittance and remittance payables	<u>15,259</u>	<u>17,542</u>

**(10) Commitments and contingent liabilities**

## ① Credit commitments

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

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

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

	<u>30 June 2021</u>	<u>31 December 2020</u>
Loan commitments		
- with an original maturity within one year	84,566	94,762
- with an original maturity of one year or over	380,769	488,350
Credit card commitments	<u>1,186,517</u>	<u>1,068,582</u>
	<u>1,651,852</u>	<u>1,651,694</u>
Bank acceptances	299,638	278,231
Financing guarantees	50,916	46,656
Non-financing guarantees	1,256,695	1,236,368
Sight letters of credit	47,742	43,329
Usance letters of credit	144,204	141,600
Others	<u>8,241</u>	<u>15,652</u>
Total	<u>3,459,288</u>	<u>3,413,530</u>



**(10) Commitments and contingent liabilities (continued)**
**② Credit risk-weighted amount**

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

	<u>30 June 2021</u>	<u>31 December 2020</u>
Credit risk-weighted amount of contingent liabilities and commitments	<u>1,090,995</u>	<u>1,108,129</u>

**③ Capital commitments**

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

	<u>30 June 2021</u>	<u>31 December 2020</u>
Contracted for	<u>11,716</u>	<u>15,004</u>

**④ Underwriting obligations**

As at 30 June 2021, there was no unexpired underwriting commitment of the Group (as at 31 December 2020: Nil).

**⑤ Government bond redemption obligations**

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

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2021, were RMB69,505 million (as at 31 December 2020: RMB74,435 million).

**(10) Commitments and contingent liabilities (continued)****⑥ Outstanding litigations and disputes**

As at 30 June 2021, the Group was the defendant in certain pending litigations and disputes with gross claims of RMB 8,543 million (as at 31 December 2020: RMB9,424 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

**⑦ Provision against commitments and contingent liabilities**

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

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

In accordance with the *Guiding Opinions on Regulating the Asset Management Business of Financial Institutions* jointly issued by the PBOC and three other ministries as well as the PBOC's announcement to extend the transition period to 2021, the PBOC encourages financial institutions to dispose of legacy assets orderly using a range of methods such as replacing them with new products, market-based transfers, contract changes, and asset undertaking. The Group is pressing ahead with the rectification of legacy wealth management business and has assessed and recognised the impact of rectification on provisions and credit impairment losses in the financial statements. The Group will duly implement relevant policies and regulatory requirements, and continue to assess and disclose the relevant impact.



## (11) Operating segments

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

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

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

### ① Geographical segments

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

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

**(11) Operating segments (continued)****① Geographical segments (continued)**

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

- “Yangtze River Delta” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;
- “Pearl River Delta” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;
- “Bohai Rim” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;
- the “Central” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;
- the “Western” region refers to the following areas where the tier-1 branches of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and
- the “Northeastern” region refers to the following areas where the tier-1 branches of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

(11) Operating segments (continued)

① Geographical segments (continued)

	Six months ended 30 June 2021								Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	
External net interest income	33,741	31,537	18,737	38,675	31,181	2,312	133,534	6,368	296,085
Internal net interest income/(expense)	16,549	13,629	24,922	17,329	16,517	10,822	(99,723)	(45)	-
<b>Net interest income</b>	<b>50,290</b>	<b>45,166</b>	<b>43,659</b>	<b>56,004</b>	<b>47,698</b>	<b>13,134</b>	<b>33,811</b>	<b>6,323</b>	<b>296,085</b>
Net fee and commission income	12,559	14,450	12,102	10,899	7,598	2,644	7,658	1,528	69,438
Net trading gain/(loss)	400	165	228	216	49	16	2,232	(436)	2,870
Dividend income	237	-	2,979	291	1	-	26	123	3,657
Net (loss)/gain arising from investment securities	(602)	(557)	(955)	78	(853)	(206)	4,862	86	1,853
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(5)	-	(13)	(2)	-	-	2,547	-	2,527
Other operating (expense)/income, net	(2,823)	273	834	218	822	47	2,810	2,296	4,477
<b>Operating income</b>	<b>60,056</b>	<b>59,497</b>	<b>58,834</b>	<b>67,704</b>	<b>55,315</b>	<b>15,635</b>	<b>53,946</b>	<b>9,920</b>	<b>380,907</b>
Operating expenses	(13,440)	(10,876)	(14,105)	(16,105)	(13,574)	(5,335)	(7,210)	(7,515)	(88,160)
Credit impairment losses	(16,702)	(21,154)	(14,003)	(16,956)	(16,577)	(8,330)	(12,617)	(1,981)	(108,320)
Other impairment losses	(5)	63	(169)	(18)	6	-	(7)	(62)	(192)
Share of profits of associates and joint ventures	5	-	33	86	-	-	-	104	228
<b>Profit before tax</b>	<b>29,914</b>	<b>27,530</b>	<b>30,590</b>	<b>34,711</b>	<b>25,170</b>	<b>1,970</b>	<b>34,112</b>	<b>466</b>	<b>184,463</b>
Capital expenditure	758	310	572	577	371	463	1,090	460	4,601
Depreciation and amortisation	1,773	1,515	2,118	2,304	1,919	831	1,614	1,111	13,185
	30 June 2021								
Segment assets	5,264,993	4,147,726	6,879,968	4,648,731	4,179,766	1,494,281	10,861,398	1,601,417	39,078,280
Long-term equity investments	608	401	5,096	6,814	-	-	800	1,036	14,755
	<b>5,265,601</b>	<b>4,148,127</b>	<b>6,885,064</b>	<b>4,655,545</b>	<b>4,179,766</b>	<b>1,494,281</b>	<b>10,862,198</b>	<b>1,602,453</b>	<b>39,093,035</b>
Deferred tax assets									102,518
Elimination									(9,362,365)
<b>Total assets</b>									<b>29,833,188</b>
Segment liabilities	5,210,266	4,091,537	6,768,157	4,590,768	4,147,716	1,488,491	8,964,804	1,470,072	36,731,811
Deferred tax liabilities									1,401
Elimination									(9,362,365)
<b>Total liabilities</b>									<b>27,370,847</b>
Off-balance sheet credit commitments	631,016	613,790	678,599	669,719	470,851	159,707	-	235,606	3,459,288

(11) Operating segments (continued)

① Geographical segments (continued)

	Six months ended 30 June 2020								Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	
External net interest income	31,597	29,214	19,023	37,052	30,447	4,007	124,707	5,461	281,508
Internal net interest income/(expense)	12,072	11,946	21,367	12,870	13,549	8,127	(81,655)	1,724	-
<b>Net interest income</b>	<b>43,669</b>	<b>41,160</b>	<b>40,390</b>	<b>49,922</b>	<b>43,996</b>	<b>12,134</b>	<b>43,052</b>	<b>7,185</b>	<b>281,508</b>
Net fee and commission income	10,801	14,154	11,241	9,844	6,919	2,477	8,194	1,376	65,006
Net trading gain/(loss)	143	126	115	155	91	20	2,800	(137)	3,313
Dividend income	73	-	969	281	1	-	54	118	1,496
Net gain/(loss) arising from investment securities	1,578	(232)	(92)	43	203	(1,062)	2,243	1,303	3,984
Net (loss)/gain on derecognition of financial assets measured at amortised cost	(3)	-	27	-	-	-	1,344	13	1,381
Other operating (expense)/income, net	(1,038)	433	970	115	748	34	810	1,164	3,236
<b>Operating income</b>	<b>55,223</b>	<b>55,641</b>	<b>53,620</b>	<b>60,360</b>	<b>51,958</b>	<b>13,603</b>	<b>58,497</b>	<b>11,022</b>	<b>359,924</b>
Operating expenses	(12,182)	(10,471)	(12,906)	(14,207)	(12,465)	(5,266)	(6,453)	(5,855)	(79,805)
Credit impairment losses	(15,545)	(16,962)	(13,422)	(30,207)	(13,392)	(5,046)	(14,253)	(2,551)	(111,378)
Other impairment losses	(10)	-	(130)	7	4	1	(28)	(32)	(188)
Share of profits of associates and joint ventures	-	-	149	68	-	-	-	3	220
<b>Profit before tax</b>	<b>27,486</b>	<b>28,208</b>	<b>27,311</b>	<b>16,021</b>	<b>26,105</b>	<b>3,292</b>	<b>37,763</b>	<b>2,587</b>	<b>168,773</b>
Capital expenditure	344	145	960	385	234	229	273	3,278	5,848
Depreciation and amortisation	1,787	1,621	2,157	2,531	2,075	918	1,104	877	13,070
	31 December 2020								
Segment assets	4,873,490	3,942,366	6,667,011	4,416,305	3,985,433	1,451,185	10,577,145	1,433,729	37,346,664
Long-term equity investments	604	-	4,850	7,196	-	-	-	1,052	13,702
	<b>4,874,094</b>	<b>3,942,366</b>	<b>6,671,861</b>	<b>4,423,501</b>	<b>3,985,433</b>	<b>1,451,185</b>	<b>10,577,145</b>	<b>1,434,781</b>	<b>37,360,366</b>
Deferred tax assets									92,950
Elimination									(9,321,062)
<b>Total assets</b>									<b>28,132,254</b>
Segment liabilities	4,836,646	3,915,742	6,596,879	4,397,877	3,963,977	1,453,094	8,585,097	1,313,100	35,062,412
Deferred tax liabilities									1,551
Elimination									(9,321,062)
<b>Total liabilities</b>									<b>25,742,901</b>
Off-balance sheet credit commitments	608,353	588,398	693,095	648,284	446,579	162,120	-	266,701	3,413,530

**(11) Operating segments (continued)****② Business segments**

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

*Corporate banking*

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

*Personal banking*

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

*Treasury business*

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

*Others*

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

**(11) Operating segments (continued)**

## ② Business segments (continued)

	Six months ended 30 June 2021				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	102,756	79,221	100,570	13,538	296,085
Internal net interest income/(expense)	33,486	60,232	(94,580)	862	-
<b>Net interest income</b>	<b>136,242</b>	<b>139,453</b>	<b>5,990</b>	<b>14,400</b>	<b>296,085</b>
Net fee and commission income	23,255	32,185	11,424	2,574	69,438
Net trading (loss)/gain	(887)	(29)	3,097	689	2,870
Dividend income	-	-	35	3,622	3,657
Net (loss)/gain arising from investment securities	(3,293)	(1,655)	5,261	1,540	1,853
Net gain/(loss) on derecognition of financial assets measured at amortised cost	650	1,828	69	(20)	2,527
Other operating income, net	36	400	2,910	1,131	4,477
<b>Operating income</b>	<b>156,003</b>	<b>172,182</b>	<b>28,786</b>	<b>23,936</b>	<b>380,907</b>
Operating expenses	(33,909)	(40,994)	(5,207)	(8,050)	(88,160)
Credit impairment losses	(88,220)	(14,503)	(1,948)	(3,649)	(108,320)
Other impairment losses	(1)	-	31	(222)	(192)
Share of profits of associates and joint ventures	-	-	-	228	228
<b>Profit before tax</b>	<b>33,873</b>	<b>116,685</b>	<b>21,662</b>	<b>12,243</b>	<b>184,463</b>
Capital expenditure	1,526	2,136	198	741	4,601
Depreciation and amortisation	4,621	6,468	598	1,498	13,185
	30 June 2021				
Segment assets	10,015,166	7,652,379	10,664,404	1,653,308	29,985,257
Long-term equity investments	-	-	-	14,755	14,755
	<u>10,015,166</u>	<u>7,652,379</u>	<u>10,664,404</u>	<u>1,668,063</u>	<u>30,000,012</u>
Deferred tax assets					102,518
Elimination					(269,342)
<b>Total assets</b>					<b>29,833,188</b>
Segment liabilities	<u>12,071,438</u>	<u>11,671,392</u>	<u>1,589,344</u>	<u>2,306,614</u>	27,638,788
Deferred tax liabilities					1,401
Elimination					(269,342)
<b>Total liabilities</b>					<b>27,370,847</b>
Off-balance sheet credit commitments	<u>2,073,900</u>	<u>1,149,782</u>	<u>-</u>	<u>235,606</u>	<u>3,459,288</u>



**(11) Operating segments (continued)**

## ② Business segments (continued)

	Six months ended 30 June 2020				Total
	Corporate banking	Personal banking	Treasury business	Others	
External net interest income	96,279	80,858	91,740	12,631	281,508
Internal net interest income/(expense)	30,447	43,361	(67,443)	(6,365)	-
<b>Net interest income</b>	<b>126,726</b>	<b>124,219</b>	<b>24,297</b>	<b>6,266</b>	<b>281,508</b>
Net fee and commission income	20,006	31,333	10,636	3,031	65,006
Net trading (loss)/gain	(1,046)	(19)	2,808	1,570	3,313
Dividend income	-	-	1	1,495	1,496
Net (loss)/gain arising from investment securities	(1,932)	(1,055)	6,980	(9)	3,984
Net gain on derecognition of financial assets measured at amortised cost	-	1,281	63	37	1,381
Other operating income/(expense), net	51	491	3,257	(563)	3,236
<b>Operating income</b>	<b>143,805</b>	<b>156,250</b>	<b>48,042</b>	<b>11,827</b>	<b>359,924</b>
Operating expenses	(29,173)	(37,791)	(4,927)	(7,914)	(79,805)
Credit impairment losses	(82,207)	(22,717)	(2,282)	(4,172)	(111,378)
Other impairment losses	-	-	(34)	(154)	(188)
Share of profits of associates and joint ventures	-	-	-	220	220
<b>Profit before tax</b>	<b>32,425</b>	<b>95,742</b>	<b>40,799</b>	<b>(193)</b>	<b>168,773</b>
Capital expenditure	741	1,067	108	3,932	5,848
Depreciation and amortisation	4,596	6,618	672	1,184	13,070
	31 December 2020				
Segment assets	9,235,872	7,409,563	10,077,510	1,472,784	28,195,729
Long-term equity investments	-	-	-	13,702	13,702
	<u>9,235,872</u>	<u>7,409,563</u>	<u>10,077,510</u>	<u>1,486,486</u>	<u>28,209,431</u>
Deferred tax assets					92,950
Elimination					(170,127)
Total assets					<u>28,132,254</u>
Segment liabilities	11,502,039	10,639,882	1,693,095	2,076,461	25,911,477
Deferred tax liabilities					1,551
Elimination					(170,127)
Total liabilities					<u>25,742,901</u>
Off-balance sheet credit commitments	2,115,619	1,031,210	-	266,701	3,413,530

### 3 Unaudited supplementary financial information

#### 3.1 Liquidity coverage ratio and net stable funding ratio

The liquidity coverage ratio equals to the high-quality liquid assets divided by net cash outflows in the future 30 days. Net stable funding ratio equals to the available stable funding divided by required stable funding. According to the regulatory requirements, definitions and accounting standards applicable in the current period, the average daily liquidity coverage ratio of the Group in the second quarter of 2021 was 134.20% and the net stable funding ratio was 123.55% as at the end of June 2021.

The following tables set the Group's liquidity coverage ratio for the second quarter of 2021.

S/N	(In millions of RMB, except percentages)	Total Unweighted Value	Total Weighted Value
<b>High-Quality Liquid Assets</b>			
1	Total High-Quality Liquid Assets (HQLA)		4,696,566
<b>Cash Outflow</b>			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	10,453,585	923,993
4	Less stable deposits	2,426,411	121,276
5	Unsecured wholesale funding, of which:	8,027,174	802,717
6	Operational deposits (excluding those generated from correspondent banking activates)	10,434,475	3,422,185
7	Non-operational deposits (all counterparties)	6,778,144	1,683,457
8	Unsecured debt	3,531,442	1,613,839
9	Secured funding	124,889	124,889
10	Additional requirements, of which:		760
11	Outflows related to derivative exposures and other collateral requirements	1,818,786	226,569
12	Outflows related to loss of funding on secured debt products	59,103	59,103
13	Credit and liquidity facilities	4,390	4,390
14	Other contractual funding obligations	1,755,293	163,076
15	Other contingent funding obligations	79	-
16	<b>Total Cash Outflows</b>	3,693,680	474,094
<b>Cash Inflow</b>			
17	Secured lending (including reverse repos and securities borrowing)		5,047,601
18	Inflow from fully performing exposures	441,372	439,929
19	Other cash inflows	1,691,824	1,043,180
20	<b>Total Cash Inflows</b>	63,704	61,719
		2,196,900	1,544,828
21	<b>Total HQLA</b>		Total Adjusted Value 4,696,566
22	<b>Total Net Cash Outflows</b>		3,502,773
23	<b>Liquidity Coverage Ratio (%)<sup>1</sup></b>		134.20

1. The above quarterly daily means represent simple arithmetic means of the values for 91 calendar days in the latest quarter, calculated in accordance with the current applicable regulatory requirements, definitions and accounting standards.

### 3.1 Liquidity coverage ratio and net stable funding ratio (continued)

The following tables set the quantitative information on the net stable funding ratio at the end of the last two quarters.

No.	(In RMB millions, except percentages)	The Second Quarter of 2021					The First Quarter of 2021				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>ASF Item</b>											
1	Capital:	-	-	-	2,657,319	2,657,319	-	-	-	2,665,458	2,665,458
2	Regulatory capital	-	-	-	2,657,319	2,657,319	-	-	-	2,665,458	2,665,458
3	Other capital instrument	-	-	-	-	-	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	5,950,359	5,386,681	455,948	707,209	11,448,857	5,912,628	5,288,263	382,714	832,208	11,387,570
5	Stable deposits	2,542,323	10,359	6,483	4,976	2,436,183	2,584,569	11,729	6,059	4,900	2,477,138
6	Less stable deposits	3,408,036	5,376,322	449,465	702,233	9,012,674	3,328,059	5,276,534	376,655	827,308	8,910,432
7	Wholesale funding:	7,234,157	5,142,948	876,794	575,499	6,410,794	7,098,468	4,705,855	1,012,399	538,426	6,354,880
8	Operational deposits	6,316,869	674,689	5,996	649	3,499,426	6,006,130	880,846	4,223	529	3,446,128
9	Other wholesale funding	917,288	4,468,259	870,798	574,850	2,911,368	1,092,338	3,825,009	1,008,176	537,897	2,908,752
10	Liabilities with matching interdependent assets	-	-	-	-	-	-	-	-	-	-
11	Other liabilities:	-	526,448	89,618	232,970	231,139	-	522,423	81,072	338,168	316,627
12	NSFR derivative liabilities				46,640					62,078	
13	All other liabilities and equity not included in the above categories	-	526,448	89,618	186,330	231,139	-	522,423	81,072	276,090	316,627
<b>14</b>	<b>Total ASF</b>					20,748,109					20,724,535

### 3.1 Liquidity coverage ratio and net stable funding ratio (continued)

No.	(In RMB millions, except percentages)	The Second Quarter of 2021					The First Quarter of 2021				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>RSF Item</b>											
15	Total NSFR high-quality liquid assets (HQLA)					1,738,655					1,616,854
16	Deposits held at other financial institutions for operational purposes	57,517	47,108	7,187	13,595	69,745	55,929	61,044	8,814	12,570	75,693
17	Performing loans and securities:	915,070	3,791,292	2,425,091	12,623,313	13,841,307	890,226	3,734,451	2,206,483	12,356,951	13,539,150
18	Performing loans to financial institutions secured by Level 1 HQLA	-	616,255	-	-	92,438	-	315,743	-	-	47,361
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	749,984	189,084	105,934	320,559	-	874,197	138,092	176,605	386,190
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	855,117	2,154,168	2,034,896	6,494,841	8,042,949	828,981	2,264,915	1,878,481	6,274,280	7,819,610
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	23,045	-	-	11,523	-	9,003	-	-	4,501
22	Performing residential mortgages, of which:	-	171,391	174,802	5,797,497	5,100,969	-	167,694	170,040	5,678,140	4,995,286
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-

### 3.1 Liquidity coverage ratio and net stable funding ratio (continued)

No.	(In RMB millions, except percentages)	The Second Quarter of 2021					The First Quarter of 2021				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	<b>RSF Item (continued)</b>										
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	59,953	99,494	26,309	225,041	284,392	61,245	111,902	19,870	227,926	290,703
25	Assets with matching interdependent liabilities	-	2,418	-	-	-	-	-	-	-	-
26	Other assets:	132,854	242,993	128,174	478,197	982,185	140,620	169,226	125,030	695,564	1,115,811
27	Physical traded commodities, including gold	132,854				112,927	140,620				119,527
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				1,427	1,213				1,454	1,236
29	NSFR derivative assets				50,714	4,074				63,475	1,397
30	NSFR derivative liabilities before deduction of variation margin posted <sup>1</sup>				9,349	9,349				12,460	12,460
31	All other assets not included in the above categories	-	242,993	128,174	426,056	794,672	-	169,226	125,030	630,635	919,946
32	Off-balance sheet items				4,997,611	161,175				4,914,503	158,058
33	<b>Total RSF</b>					16,793,067					16,505,566
34	<b>Net Stable Funding Ratio (%)</b>					123.55					125.56

1. The amount filled out in this account refers to derivative liabilities, i.e., the amount of NSFR derivative liabilities before deduction of variable reserves. This amount makes no distinction between durations, nor does it count towards the total in "26 Other Assets".

According to the regulatory requirements, definitions and accounting standards applicable in the current period, as at 30 June 2021, the Group's net stable funding ratio was 123.55%, from which the available stable funding was RMB20,748,109 million against the required stable funding of RMB16,793,067 million.

### 3.2 Leverage ratio

From the first quarter of 2015, the Group measures the leverage ratio in accordance with the *Measures for the Management of Commercial Banks' Leverage Ratio (Revision)*. The leverage ratio refers to the ratio of the net amount of Tier 1 capital to the adjusted balance of on-balance sheet and off-balance sheet assets. The leverage ratio of commercial banks should be no less than 4%. As of 30 June 2021, the Group's leverage ratio was 7.79%, which met regulatory requirements.

The following table sets forth the information related to the Group's leverage ratio.

(In millions of RMB, except percentages)	<b>As at 30 June 2021</b>	<b>As at 31 March 2021</b>	<b>As at 31 December 2020</b>	<b>As at 30 September 2020</b>
<b>Leverage ratio</b>	<b>7.79%</b>	<b>7.92%</b>	<b>7.99%</b>	<b>7.78%</b>
Tier 1 capital after regulatory adjustments	2,434,940	2,442,723	2,361,517	2,312,381
On and off-balance sheet assets after adjustments	31,263,173	30,826,197	29,548,554	29,722,025

The following table sets forth the detailed items that constitute the on and off-balance sheet assets after adjustments used in the calculation of the Group's leverage ratio, and the reconciliation with the accounting items.

(In millions of RMB)	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Total on-balance sheet assets <sup>1</sup>	29,833,188	28,132,254
Consolidated adjustment <sup>2</sup>	(245,669)	(220,217)
Derivatives adjustment	73,511	66,243
Securities financing transactions adjustment	3,188	680
Off-balance sheet items adjustment <sup>3</sup>	1,612,440	1,583,599
Other adjustments <sup>4</sup>	(13,485)	(14,005)
<b>On and off-balance sheet assets after adjustments</b>	<b>31,263,173</b>	<b>29,548,554</b>

1. Total on-balance sheet assets refer to the one calculated in accordance with financial and accounting standards.
2. Consolidated adjustment refers to the difference between regulatory consolidated total assets and accounting consolidated total assets.
3. Off-balance sheet items adjustment refers to the balance of off-balance sheet items after being multiplied by credit conversion factors in accordance with the Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised).
4. Other adjustments mainly comprise regulatory adjustments to Tier 1 capital.

## 3.2 Leverage ratio (continued)

The following table sets forth the information related to the Group's leverage ratio, Tier 1 capital after regulatory adjustments, and on and off-balance sheet assets after adjustments and their relevant detailed items.

(In millions of RMB, except percentages)	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
On-balance sheet assets (excluding derivatives and securities financing transactions) <sup>1</sup>	28,833,718	27,241,556
Less: Regulatory adjustments to Tier 1 capital	(13,485)	(14,005)
<b>On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)</b>	<b>28,820,233</b>	<b>27,227,551</b>
Replacement costs of various derivatives (excluding eligible margin)	71,583	84,361
Potential risk exposures of various derivatives	54,231	50,403
Nominal principals arising from sales of credit derivatives	-	-
<b>Derivative assets</b>	<b>125,814</b>	<b>134,764</b>
Accounting assets arising from securities financing transactions	701,498	601,960
Counterparty credit risk exposure arising from securities financing transactions	3,188	680
<b>Securities financing transactions assets</b>	<b>704,686</b>	<b>602,640</b>
Off-balance sheet assets <sup>2</sup>	4,651,896	4,507,842
Less: Decrease in off-balance sheet assets due to credit conversion	(3,039,456)	(2,924,243)
<b>Off-balance sheet assets after adjustments</b>	<b>1,612,440</b>	<b>1,583,599</b>
Tier 1 capital after regulatory adjustments	2,434,940	2,361,517
On and off-balance sheet assets after adjustments	31,263,173	29,548,554
<b>Leverage Ratio<sup>3</sup></b>	<b>7.79%</b>	<b>7.99%</b>

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.
2. Off-balance sheet assets include loan commitments which can be unconditionally cancellable at any time by the bank without prior notice.
3. Leverage ratio is calculated through dividing Tier 1 capital after regulatory adjustments by on and off-balance sheet assets after adjustments.

### 3.3 Currency concentrations

	30 June 2021			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,090,518	331,080	384,169	1,805,767
Spot liabilities	(1,119,001)	(349,831)	(281,342)	(1,750,174)
Forward purchases	1,776,408	146,346	106,669	2,029,423
Forward sales	(1,765,394)	(87,199)	(188,631)	(2,041,224)
Net option position	14,778	-	(1,163)	13,615
Net (short)/long position	(2,691)	40,396	19,702	57,407
Net structural position	32,625	2,404	(7,287)	27,742

  

	31 December 2020			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	945,417	352,098	376,645	1,674,160
Spot liabilities	(1,000,213)	(330,942)	(290,448)	(1,621,603)
Forward purchases	1,826,299	75,051	137,232	2,038,583
Forward sales	(1,758,605)	(60,684)	(203,639)	(2,022,928)
Net option position	(16,261)	(29)	(4)	(16,294)
Net (short)/long position	(3,362)	35,494	19,787	51,919
Net structural position	34,141	2,313	(6,959)	29,495

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the “HKMA”). The net structural position of the Group includes the structural positions of the Bank’s overseas branches, banking subsidiaries and other subsidiaries substantially involved in the foreign exchange. Structural assets and liabilities include:

- investments in property and equipment, net of accumulated depreciation;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries and related companies.



### 3.4 International claims

The Group is principally engaged in business operations within the Chinese mainland. The international claims of the Group are the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits with central banks, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the Group reduces its exposure to a particular country/region by an effective transfer of credit risk to a different country/region with the use of credit risk mitigation which include guarantees, collateral and credit derivatives.

	30 June 2021				Total
	Banks	Public sector entities	Non-bank private institutions	Others	
Asia Pacific	300,753	114,325	743,514	8,829	1,167,421
- of which attributed to Hong Kong	6,258	40,824	323,245	-	370,327
Europe	32,905	57,918	66,437	1,813	159,073
North and South America	41,659	132,614	112,911	-	287,184
<b>Total</b>	<b>375,317</b>	<b>304,857</b>	<b>922,862</b>	<b>10,642</b>	<b>1,613,678</b>

  

	31 December 2020				Total
	Banks	Public sector entities	Non-bank private institutions	Others	
Asia Pacific	223,982	127,130	611,168	23,060	985,340
- of which attributed to Hong Kong	8,974	58,527	324,489	-	391,990
Europe	12,496	33,635	70,933	1,209	118,273
North and South America	35,015	171,380	117,751	-	324,146
<b>Total</b>	<b>271,493</b>	<b>332,145</b>	<b>799,852</b>	<b>24,269</b>	<b>1,427,759</b>

### 3.5 Overdue loans and advances to customers by geographical sector

	30 June 2021	31 December 2020
Central	39,596	36,547
Pearl River Delta	23,952	23,954
Western	20,627	16,262
Bohai Rim	18,203	17,147
Yangtze River Delta	12,484	13,995
North eastern	11,269	8,034
Head office	7,797	9,008
Overseas	3,928	2,977
Total	<u>137,856</u>	<u>127,924</u>

According to regulation requirements, the above analysis represents the gross amount of loans and advances to customers overdue for more than three months.

Loans and advances to customers with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances to customers repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances to customers repayable on demand are outside the approved limit that was advised to the borrower, they are also considered to be overdue.

### 3.6 Exposures to non-banks in the Chinese mainland

The Bank is a commercial bank incorporated in the Chinese mainland with its banking business primarily conducted in the Chinese mainland. As at 30 June 2021, substantial amounts of the Bank's exposures arose from businesses with the Chinese mainland entities or individuals. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

## 4 MANAGEMENT DISCUSSION & ANALYSIS

### 4.1 FINANCIAL REVIEW

In the first half of 2021, the global economy continued to recover, though with growing divergence. Major developed economies continued to maintain monetary easing policies, while a few emerging economies began to raise interest rates in response to pressures such as inflation, capital outflows and currency depreciation. China continued to consolidate its achievements in COVID-19 prevention and control as well as economic and social development, and its economic development maintained an overall stable and upward trend. Domestic consumption gradually improved, investment continued to recover, and the growth of import and export trades remained favourable. In the first half of 2021, China's gross domestic product and consumer price index rose by 12.7% and 0.5% from the same period last year, respectively.

Domestic regulators carefully coordinated the relationship between economic recovery and risk prevention, placed greater importance on serving the real economy, and the banking industry maintained a good momentum of stable operation. The banking industry continuously enhanced its financial services with steady growth of total assets, basically stable credit asset quality, continued profit growth, relatively strong risk mitigation ability and steady liquidity.

In the first half of 2021, the Group enhanced the quality and efficiency in serving the real economy, and achieved new progress in its high-quality development. The Group's total assets and liabilities steadily increased. Total assets reached RMB29.83 trillion, up 6.05%, of which net loans and advances to customers amounted to RMB17.49 trillion, up 7.78%. Total liabilities reached RMB27.37 trillion, up 6.32%, of which deposits from customers were RMB22.32 trillion, up 8.26%. As compared to the first half of 2020, net interest income increased by 5.18%, net fee and commission income increased by 6.82%, and operating income increased by 5.83% to RMB380,907 million. The Group's NPL ratio was 1.53%, down 0.03 percentage points from the end of 2020. The Group's net profit was RMB154,106 million, up 10.92% from the same period last year. Annualised return on average assets was 1.06%, annualised return on average equity was 13.10%, and capital adequacy ratio was 16.58%.

#### 4.1.1 Statement of Comprehensive Income Analysis

In the first half of 2021, the Group achieved steady growth in profitability. Profit before tax of the Group was RMB184,463 million, an increase of 9.30% from the same period last year. Net profit was RMB154,106 million, an increase of 10.92% from the same period last year. Key factors affecting the Group's profitability are as follows. Firstly, net interest income increased by RMB14,577 million, an increase of 5.18% from the same period last year, mainly due to moderate increase in interest-earning assets. Secondly, net fee and commission income increased by RMB4,432 million, or 6.82% from the same period last year, as the Group seized the market opportunities in wealth management, and enhanced its comprehensive service capabilities. Thirdly, operating expenses increased by 10.47% from the same period last year, mainly due to the lower base last year in the wake of COVID-19. Cost-to-income ratio was 22.22%, 0.97 percentage points higher than that from the same period last year, staying at a sound level. Fourthly, the Group made provisions for impairment losses on loans and advances based on substantive risks. Total impairment losses reached RMB108,512 million, a decrease of 2.74% from the same period last year.

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)
Net interest income	296,085	281,508	5.18
Net non-interest income	84,822	78,416	8.17
- Net fee and commission income	69,438	65,006	6.82
<b>Operating income</b>	<b>380,907</b>	359,924	5.83
Operating expenses	(88,160)	(79,805)	10.47
Credit impairment losses	(108,320)	(111,378)	(2.75)
Other impairment losses	(192)	(188)	2.13
Share of profits of associates and joint ventures	228	220	3.64
<b>Profit before tax</b>	<b>184,463</b>	168,773	9.30
Income tax expense	(30,357)	(29,834)	1.75
<b>Net profit</b>	<b>154,106</b>	138,939	10.92

### Net interest income

In the first half of 2021, the Group's net interest income amounted to RMB296,085 million, an increase of RMB14,577 million, or 5.18% from the same period last year. Net interest income accounted for 77.73% of the operating income.

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest income/expense	Annualised average yield/cost (%)	Average balance	Interest income/expense	Annualised average yield/cost (%)
<b>Assets</b>						
Gross loans and advances to customers	17,619,866	373,245	4.27	15,839,177	351,620	4.46
Financial investments	6,436,562	108,236	3.39	5,583,067	97,783	3.52
Deposits with central banks	2,576,139	18,514	1.45	2,497,015	17,688	1.42
Deposits and placements with banks and non-bank financial institutions	885,559	9,715	2.21	1,234,119	13,125	2.14
Financial assets held under resale agreements	560,586	6,239	2.24	592,549	5,321	1.81
Total interest-earning assets	28,078,712	515,949	3.71	25,745,927	485,537	3.79
Total allowances for impairment losses	(601,464)			(518,992)		
Non-interest-earning assets	1,022,188			1,767,145		
<b>Total assets</b>	<b>28,499,436</b>	<b>515,949</b>		<b>26,994,080</b>	<b>485,537</b>	
<b>Liabilities</b>						
Deposits from customers	21,240,816	175,542	1.67	19,200,756	150,907	1.58
Deposits and placements from banks and non-bank financial institutions	2,203,696	18,981	1.74	2,615,364	27,340	2.10
Debt securities issued	935,792	14,323	3.09	974,021	16,085	3.32
Borrowings from central banks	752,366	10,692	2.87	584,285	9,136	3.14
Financial assets sold under repurchase agreements	36,198	326	1.82	53,746	561	2.10
Total interest-bearing liabilities	25,168,868	219,864	1.76	23,428,172	204,029	1.75
Non-interest-bearing liabilities	937,639			1,249,343		
<b>Total liabilities</b>	<b>26,106,507</b>	<b>219,864</b>		<b>24,677,515</b>	<b>204,029</b>	
<b>Net interest income</b>		<b>296,085</b>			<b>281,508</b>	
<b>Net interest spread</b>			<b>1.95</b>			<b>2.04</b>
<b>Net interest margin</b>			<b>2.13</b>			<b>2.20</b>

In the first half of 2021, the Group continued to increase its support for the real economy and made dynamic adjustments to its business strategy and structure of assets and liabilities. Loan yield declined due to factors such as the conversion of pricing basis to loan prime rate upon loan repricing and increased efforts in surrendering profits to support the real economy. The yield of debt securities was lower than the same period last year due to the decline in market interest rates, and cost of deposits was higher than that of the same period last year due to more intense market competition. As a result, net interest spread fell to 1.95%, down 9 basis points from the same period last year; net interest margin was 2.13%, down 7 basis points from the same period last year.

The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the change in interest income and expense in the first half of 2021 as compared with the same period last year.

(In millions of RMB)	Volume factor <sup>1</sup>	Interest rate factor <sup>1</sup>	Change in interest income/expense
<b>Assets</b>			
Gross loans and advances to customers	37,327	(15,702)	21,625
Financial investments	14,217	(3,764)	10,453
Deposits with central banks	496	330	826
Deposits and placements with banks and non-bank financial institutions	(3,824)	414	(3,410)
Financial assets held under resale agreements	(298)	1,216	918
<b>Change in interest income</b>	<b>47,918</b>	<b>(17,506)</b>	<b>30,412</b>
<b>Liabilities</b>			
Deposits from customers	16,037	8,598	24,635
Deposits and placements from banks and non-bank financial institutions	(4,001)	(4,358)	(8,359)
Debt securities issued	(637)	(1,125)	(1,762)
Borrowings from central banks	2,402	(846)	1,556
Financial assets sold under repurchase agreements	(167)	(68)	(235)
<b>Change in interest expense</b>	<b>13,634</b>	<b>2,201</b>	<b>15,835</b>
<b>Change in net interest income</b>	<b>34,284</b>	<b>(19,707)</b>	<b>14,577</b>

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

Net interest income increased by RMB14,577 million from the same period last year. In this amount, an increase of RMB34,284 million was due to the movement of volume of assets and liabilities, and a decrease of RMB19,707 million was due to the movements of interest rates.

### Interest income

In the first half of 2021, the Group recognised interest income of RMB515,949 million, an increase of RMB30,412 million or 6.26% from the same period last year. In this amount, interest income from loans and advances to customers, financial investments, deposits with central banks, deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements accounted for 72.34%, 20.98%, 3.59%, 1.88% and 1.21%, respectively.

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
<b>Corporate loans and advances</b>	<b>8,933,884</b>	<b>176,897</b>	<b>3.99</b>	7,576,223	158,880	4.22
Short-term loans	2,742,173	49,192	3.62	2,542,928	53,153	4.20
Medium to long-term loans	6,191,711	127,705	4.16	5,033,295	105,727	4.22
<b>Personal loans and advances</b>	<b>7,390,017</b>	<b>177,520</b>	<b>4.84</b>	6,659,699	163,720	4.94
Short-term loans	1,219,874	27,939	4.62	978,767	26,001	5.34
Medium to long-term loans	6,170,143	149,581	4.89	5,680,932	137,719	4.88
<b>Discounted bills</b>	<b>205,192</b>	<b>2,590</b>	<b>2.55</b>	490,199	6,419	2.63
<b>Overseas operations and subsidiaries</b>	<b>1,090,773</b>	<b>16,238</b>	<b>3.00</b>	1,113,056	22,601	4.08
<b>Gross loans and advances to customers</b>	<b>17,619,866</b>	<b>373,245</b>	<b>4.27</b>	15,839,177	351,620	4.46

Interest income from loans and advances to customers amounted to RMB373,245 million, an increase of RMB21,625 million or 6.15% from the same period last year. This was mainly because the average balance of loans and advances to customers increased by 11.24% from the same period last year.

Interest income from financial investments amounted to RMB108,236 million, an increase of RMB10,453 million or 10.69% from the same period last year, mainly due to the 15.29% increase in average balance of financial investments from the same period last year.

Interest income from deposits with central banks amounted to RMB18,514 million, an increase of RMB826 million or 4.67% from the same period last year, mainly because the average balance of deposits from customers increased by 3.17% and the annualised average yield rose by 3 basis points from the same period last year.

Interest income from deposits and placements with banks and non-bank financial institutions was RMB9,715 million, a decrease of RMB3,410 million or 25.98% from the same period last year, mainly due to 28.24% decrease in average balance of deposits and placements with banks and non-bank financial institutions from the same period last year.

Interest income from financial assets held under resale agreements amounted to RMB6,239 million, an increase of RMB918 million or 17.25% from the same period last year, mainly because the annualised average yield of financial assets held under resale agreements rose by 43 basis points from the same period last year.

### Interest expense

In the first half of 2021, the Group's interest expense was RMB219,864 million, an increase of RMB15,835 million or 7.76% from the same period last year. In this amount, interest expense on deposits from customers accounted for 79.84%, interest expense on deposits and placements from banks and non-bank financial institutions accounted for 8.63%, interest expense on debt securities issued accounted for 6.52%, interest expense on borrowings from central banks accounted for 4.86%, and interest expense on financial assets sold under repurchase agreements accounted for 0.15%.

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Average balance	Interest expense	Annualised average cost (%)	Average balance	Interest expense	Annualised average cost (%)
<b>Corporate deposits</b>	<b>10,093,150</b>	<b>75,331</b>	<b>1.51</b>	9,358,531	66,110	1.42
Demand deposits	6,353,088	27,013	0.86	5,899,071	23,370	0.78
Time deposits	3,740,062	48,318	2.61	3,459,460	42,740	2.48
<b>Personal deposits</b>	<b>10,714,427</b>	<b>98,471</b>	<b>1.85</b>	9,316,009	80,060	1.73
Demand deposits	4,673,414	7,251	0.31	4,363,609	6,717	0.30
Time deposits	6,041,013	91,220	3.05	4,952,400	73,343	2.98
<b>Overseas operations and subsidiaries</b>	<b>433,239</b>	<b>1,740</b>	<b>0.81</b>	526,216	4,737	1.81
<b>Total deposits from customers</b>	<b>21,240,816</b>	<b>175,542</b>	<b>1.67</b>	19,200,756	150,907	1.58

Interest expense on deposits from customers was RMB175,542 million, an increase of RMB24,635 million or 16.32% from the same period last year, mainly because average balance of deposits from customers increased by 10.62% and the annualised average cost rose by 9 basis points from the same period last year.

Interest expense on deposits and placements from banks and non-bank financial institutions decreased by RMB8,359 million or 30.57% from the same period last year to RMB18,981 million. This was mainly because the average balance of deposits and placements from banks and non-bank financial institutions decreased by 15.74% and the annualised average cost dropped by 36 basis points from the same period last year.

Interest expense on debt securities issued was RMB14,323 million, a decrease of RMB1,762 million or 10.95% from the same period last year, mainly because the average balance of debt securities issued decreased by 3.92% and the annualised average cost dropped by 23 basis points from the same period last year.

Interest expense on borrowings from central banks increased by RMB1,556 million or 17.03% to RMB10,692 million from the same period last year, mainly because the average balance of borrowings from central banks increased by 28.77% from the same period last year.

Interest expense on financial assets sold under repurchase agreements was RMB326 million, down by RMB235 million or 41.89% from the same period last year, mainly because the average balance of financial assets sold under repurchase agreements decreased by 32.65% and the



annualised average cost of financial assets sold under repurchase agreements decreased by 28 basis points from the same period last year.

### Net non-interest income

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)
Fee and commission income	77,570	72,706	6.69
Fee and commission expense	(8,132)	(7,700)	5.61
<b>Net fee and commission income</b>	<b>69,438</b>	65,006	6.82
<b>Other net non-interest income</b>	<b>15,384</b>	13,410	14.72
<b>Total other net non-interest income</b>	<b>84,822</b>	78,416	8.17

In the first half of 2021, the Group's net non-interest income reached RMB84,822 million, an increase of RMB6,406 million or 8.17% from the same period last year. Net non-interest income accounted for 22.27% of operating income.

### Net fee and commission income

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)
<b>Fee and commission income</b>	<b>77,570</b>	72,706	6.69
Electronic banking service fees	14,429	14,308	0.85
Agency service fees	11,842	10,053	17.80
Commission on trust and fiduciary activities	10,980	9,491	15.69
Bank card fees	10,443	10,483	(0.38)
Wealth management service fees	9,116	8,536	6.79
Consultancy and advisory fees	8,520	7,989	6.65
Settlement and clearing fees	7,943	7,574	4.87
Guarantee fees	2,191	1,952	12.24
Credit commitment fees	801	755	6.09
Others	1,305	1,565	(16.61)
<b>Fee and commission expense</b>	<b>(8,132)</b>	(7,700)	5.61
<b>Net fee and commission income</b>	<b>69,438</b>	65,006	6.82

In the first half of 2021, the Group seized market opportunities and focused on customer demands to constantly optimise products, strengthen innovation and improve service capabilities. As a result, net fee and commission income increased by 6.82% from the same period last year to

RMB69,438 million. The ratio of net fee and commission income to operating income was 18.23%, up by 0.17 percentage points from the same period last year.

The Group accelerated digital transformation of online financial services and increased support to the growth of new types of consumption, and electronic banking service fees reached RMB14,429 million. Agency service fees reached RMB11,842 million, an increase of 17.80%, mainly due to the rapid growth of agency fund sales. Commission on trust and fiduciary activities rose by 15.69% to RMB10,980 million driven by the rapid growth of mutual fund custody. Bank card fees reached RMB10,443 million, a decrease of 0.38%, mainly affected by residents' consumption habits moving online. Wealth management service fees totalled RMB9,116 million, an increase of 6.79%, mainly because the Bank accelerated the building of a new group asset management system, and continued to improve its asset allocation, channel sales, and investment research capabilities. Consultancy and advisory fees reached RMB8,520 million, an increase of 6.65%, mainly due to the effective expansion of customer base through smart investment banking platforms such as "FITS<sup>®</sup> e Intelligent". Settlement and clearing fees totalled RMB7,943 million, an increase of 4.87%, mainly due to the rapid increase in income from international settlement driven by expanded business scales as the Bank expanded upstream and downstream businesses of trade finance.

### *Other net non-interest income*

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)
Dividend income	3,657	1,496	144.45
Net trading gain	2,870	3,313	(13.37)
Net gain on derecognition of financial assets measured at amortised cost	2,527	1,381	82.98
Net gain arising from investment securities	1,853	3,984	(53.49)
Other net operating income	4,477	3,236	38.35
<b>Total other net non-interest income</b>	<b>15,384</b>	<b>13,410</b>	<b>14.72</b>

Other net non-interest income of the Group was RMB15,384 million, an increase of RMB1,974 million or 14.72% from the same period last year. In this amount, dividend income was RMB3,657 million, an increase of RMB2,161 million from the same period last year, mainly due to the substantial increase in dividend income from subsidiaries; net trading gain was RMB2,870 million, a decrease of RMB443 million from the same period last year, mainly due to the decrease in the average volume of trading debt securities investment from the same period last year; net gain on derecognition of financial assets measured at amortised cost was RMB2,527 million, an increase of RMB1,146 million from the same period last year, mainly due to the increase in income from the transfer of securitisation asset; net income from investment securities was RMB1,853 million, a decrease of RMB2,131 million from the same period last year, mainly due to the increase in expenses caused by rising structured deposit business volume; other net operating income was RMB4,477 million, an increase of RMB1,241 million from the same period last year, mainly due to the increase in income from foreign exchange business amid market changes.

## Operating expenses

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)
Staff costs	50,616	45,257	11.84
Premises and equipment expenses	16,485	16,214	1.67
Taxes and surcharges	3,538	3,336	6.06
Others	17,521	14,998	16.82
<b>Total operating expenses</b>	<b>88,160</b>	79,805	10.47
<b>Cost-to-income ratio (%)</b>	<b>22.22</b>	21.25	0.97

In the first half of 2021, the Group continuously strengthened cost management and optimised expense structure. Cost-to-income ratio increased by 0.97 percentage points from the same period last year to 22.22%. Operating expenses totalled RMB88,160 million, an increase of RMB8,355 million or 10.47% from the same period last year. In this amount, staff costs were RMB50,616 million, an increase of RMB5,359 million or 11.84% from the same period last year, mainly because the bases for five insurance expenditures were low following a temporary social security exemption in the same period last year, and returned to the normal level in the first half of 2021; premises and equipment expenditures were RMB16,485 million, an increase of RMB271 million or 1.67% from the first half of 2020; taxes and surcharges were RMB3,538 million, an increase of RMB202 million or 6.06% from the first half of 2020; other operating expenses were RMB17,521 million, an increase of RMB2,523 million or 16.82% from the first half of 2020, mainly because marketing activities returned to normal in the first half of 2021, and the Group increased strategic investments and FinTech investments and strengthened balanced management of expenses.

## Impairment losses

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change (%)
<b>Loans and advances to customers</b>	<b>94,450</b>	105,534	(10.50)
<b>Financial investments</b>	<b>3,273</b>	2,829	15.69
Financial assets measured at amortised cost	<b>3,332</b>	2,688	23.96
Financial assets measured at fair value through other comprehensive income	<b>(59)</b>	141	(141.84)
<b>Others</b>	<b>10,789</b>	3,203	236.84
<b>Total impairment losses</b>	<b>108,512</b>	111,566	(2.74)

In the first half of 2021, the Group's impairment losses were RMB108,512 million, a decrease of RMB3,054 million or 2.74% from the same period last year. This was mainly because impairment losses on loans and advances to customers decreased by RMB11,084 million from the same period last year, and other impairment losses increased by RMB7,586 million from the same period last year. Impairment losses on financial investments increased by RMB444 million. Specifically, impairment losses on financial investments measured at amortised cost increased by RMB644 million or 23.96% from the same period last year; impairment losses on financial assets measured at fair value through other comprehensive income decreased by RMB200 million from the same period last year.

## Income tax expense

In the first half of 2021, income tax expense of the Group was RMB30,357 million, an increase of RMB523 million from the same period last year. The effective income tax rate was 16.46%, lower than the statutory rate of 25%. This was mainly because interest income from the PRC treasury bonds and local government bonds was non-taxable in accordance with the tax law.

## 4.1.2 Statement of Financial Position Analysis

### Assets

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

	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
(In millions of RMB, except percentages)				
<b>Loans and advances to customers</b>	<b>17,493,902</b>	<b>58.64</b>	16,231,369	57.70
Loans and advances to customers measured at amortised cost	17,818,775	59.73	16,476,817	58.57
Allowances for impairment losses on loans	(615,141)	(2.06)	(556,063)	(1.98)
Book values of loans and advances to customers at fair value through other comprehensive income	241,305	0.81	259,061	0.92
Book values of loans and advances to customers at fair value through profit or loss	4,659	0.01	9,890	0.04
Accrued interest	44,304	0.15	41,664	0.15
<b>Financial investments</b>	<b>7,228,323</b>	<b>24.23</b>	6,950,653	24.71
<b>Cash and deposits with central banks</b>	<b>2,780,438</b>	<b>9.32</b>	2,816,164	10.01
<b>Deposits and placements with banks and non-bank financial institutions</b>	<b>799,641</b>	<b>2.68</b>	821,637	2.92
<b>Financial assets held under resale agreements</b>	<b>705,282</b>	<b>2.36</b>	602,239	2.14
<b>Others<sup>1</sup></b>	<b>825,602</b>	<b>2.77</b>	710,192	2.52
<b>Total assets</b>	<b>29,833,188</b>	<b>100.00</b>	28,132,254	100.00

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

At the end of June, the Group's total assets stood at RMB29.83 trillion, an increase of RMB1.70 trillion or 6.05% from the end of last year. Specifically, loans and advances to customers increased by RMB1.26 trillion or 7.78% from the end of last year as the Group actively promoted high-quality development of the real economy, and increased credit supply in areas such as inclusive finance, advanced manufacturing, strategic emerging industries and green finance. Financial investments increased by RMB277,670 million or 3.99% from the end of last year as the Group adhered to value investment and proactively implemented the green development philosophy. Cash and deposits with central banks decreased by RMB35,726 million or 1.27% from the end of last year. Deposits and placements with banks and non-bank financial institutions decreased by RMB21,996 million or 2.68% from the end of last year as the Group dynamically adjusted the size and structure of interbank assets based on sources and application of funds. Financial assets held under resale agreements increased by RMB103,043 million or 17.11% from the end of last year. As a result, the proportion of net loans and advances to customers to total assets increased by 0.94 percentage points to 58.64%, that of financial investments decreased by 0.48 percentage points to 24.23%, that of cash and deposits with central banks decreased by 0.69 percentage points to 9.32%, that of deposits and placements with banks and non-bank financial institutions decreased by 0.24 percentage points to 2.68%, and that of financial assets held under resale agreements increased by 0.22 percentage points to 2.36%.

### Loans and advances to customers

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
<b>Corporate loans and advances</b>	<b>9,267,153</b>	<b>51.18</b>	8,360,221	49.80
Short-term loans	2,754,320	15.21	2,593,677	15.45
Medium to long-term loans	6,512,833	35.97	5,766,544	34.35
<b>Personal loans and advances</b>	<b>7,529,011</b>	<b>41.58</b>	7,233,869	43.09
Residential mortgages	6,105,839	33.72	5,830,859	34.73
Credit card loans	839,412	4.63	825,710	4.92
Personal consumer loans	227,838	1.26	264,581	1.58
Personal business loans <sup>1</sup>	193,355	1.07	138,481	0.82
Other loans <sup>2</sup>	162,567	0.90	174,238	1.04
<b>Discounted bills</b>	<b>241,305</b>	<b>1.33</b>	259,061	1.54
<b>Overseas operations and subsidiaries</b>	<b>1,027,270</b>	<b>5.67</b>	892,617	5.32
<b>Accrued interest</b>	<b>44,304</b>	<b>0.24</b>	41,664	0.25
<b>Gross loans and advances to customers</b>	<b>18,109,043</b>	<b>100.00</b>	16,787,432	100.00

1. These comprise personal loans for production and operation and online business loans.

2. These comprise personal commercial property mortgage loans and home equity loans, etc.

At the end of June, the Group's gross loans and advances to customers stood at RMB18.11 trillion, an increase of RMB1.32 trillion or 7.87% from the end of last year, mainly due to the increase in domestic loans of the Bank.

Corporate loans and advances reached RMB9.27 trillion, an increase of RMB0.91 trillion or 10.85% from the end of last year. In this amount, short-term and medium to long-term loans were RMB2.75 trillion and RMB6.51 trillion respectively.

Personal loans and advances reached RMB7.53 trillion, an increase of RMB295,142 million or 4.08% from the end of last year. In this amount, residential mortgages experienced an increase of RMB274,980 million or 4.72% to RMB6.11 trillion; credit card loans were RMB839,412 million, an increase of RMB13,702 million or 1.66%; personal consumer loans decreased by RMB36,743 million or 13.89% to RMB227,838 million; personal business loans increased by RMB54,874 million or 39.63% to RMB193,355 million.

Discounted bills decreased by RMB17,756 million or 6.85% to RMB241,305 million from the end of last year.

Loans and advances made by overseas operations and subsidiaries were RMB1.03 trillion, an increase of RMB134,653 million or 15.09% from the end of last year.

### Distribution of loans by type of collateral

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Unsecured loans	5,862,906	32.38	5,397,481	32.15
Guaranteed loans	2,486,138	13.73	2,222,110	13.24
Loans secured by property and other immovable assets	8,229,341	45.44	7,703,618	45.89
Other pledged loans	1,486,354	8.21	1,422,559	8.47
Accrued interest	44,304	0.24	41,664	0.25
<b>Gross loans and advances to customers</b>	<b>18,109,043</b>	<b>100.00</b>	<b>16,787,432</b>	<b>100.00</b>

### Allowances for impairment losses on loans and advances to customers

(In millions of RMB)	Six months ended 30 June 2021			
	Stage 1	Stage 2	Stage 3	Total
<b>As at 1 January 2021</b>	<b>275,428</b>	<b>108,099</b>	<b>172,536</b>	<b>556,063</b>
Transfers:				
Transfers in/ (out) to Stage 1	5,482	(5,023)	(459)	-
Transfers in/ (out) to Stage 2	(6,929)	8,421	(1,492)	-
Transfers in/ (out) to Stage 3	(1,152)	(14,793)	15,945	-
Newly originated or purchased financial assets	97,899	-	-	97,899
Transfer out/repayment	(62,111)	(10,910)	(18,828)	(91,849)
Remeasurements	11,613	35,252	29,728	76,593
Write-off	-	-	(30,146)	(30,146)
Recoveries of loans and advances written off	-	-	6,581	6,581
<b>As at 30 June 2021</b>	<b>320,230</b>	<b>121,046</b>	<b>173,865</b>	<b>615,141</b>

The Group made provisions for impairment losses in line with changes in the quality of its credit assets as required by the new financial instruments standard. At the end of June, the allowances for impairment losses on loans and advances measured at amortised cost were RMB615,141 million. In addition, the allowances for impairment losses on discounted bills measured at fair value through other comprehensive income were RMB839 million.

The Group adopts a “three-stage” model for impairment based on changes in credit risk since initial recognition or by determining whether the financial instruments are credit-impaired, to estimate the expected credit losses (ECL). For stage one, financial instruments with no significant increase in credit risk, ECL in the next 12 months is recognised. For stage two, financial instruments with significant increase in credit risk since initial recognition, but with no objective evidence of impairment, lifetime ECL is recognised. For stage three, financial

instruments with objective evidence of impairment on the balance sheet date, lifetime ECL is recognised. The Group continued to make judgement based on substantive risk assessment and comprehensively considered regulatory and business environment, internal and external credit rating of customers, customer repayment ability, customer operation capacity, contract terms of loans, asset price, market interest rate, customer repayment behaviours, and forward-looking information, to assess whether the credit risk of relevant financial instruments had increased significantly since initial recognition. For borrowers who were eligible for temporary deferral in principal repayment and interest payment in the wake of COVID-19, the Group, by reference to guidelines from relevant regulators, did not consider these support measures as an automatic trigger of a significant increase in credit risk. The assessment of significant increase in credit risk and the measurement of ECL both incorporated forward-looking information. The Group developed scenarios specifically tailored for ECL measurement by reference to forecast results of authoritative international institutions and leveraging on the capability of internal experts. Expected credit losses are the discounted product of the weighted average of probability of defaults (PD), loss given defaults (LGD) and exposure at default (EAD) under the optimistic, baseline and pessimistic scenarios.

### *Financial investments*

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Financial assets measured at fair value through profit or loss	575,380	7.96	577,952	8.31
Financial assets measured at amortised cost	4,696,655	64.98	4,505,243	64.82
Financial assets measured at fair value through other comprehensive income	1,956,288	27.06	1,867,458	26.87
<b>Total financial investments</b>	<b>7,228,323</b>	<b>100.00</b>	<b>6,950,653</b>	<b>100.00</b>

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Debt securities	6,947,165	96.11	6,665,884	95.90
Equity instruments and funds	249,401	3.45	223,589	3.22
Other debt instruments	31,757	0.44	61,180	0.88
<b>Total financial investments</b>	<b>7,228,323</b>	<b>100.00</b>	<b>6,950,653</b>	<b>100.00</b>

At the end of June, the Group's financial investments totalled RMB7.23 trillion, an increase of RMB277,670 million or 3.99% from the end of last year. In this amount, debt securities increased by RMB281,281 million or 4.22% from the end of last year, and accounted for 96.11% of total financial investments, up by 0.21 percentage points from the end of last year; equity instruments and funds increased by RMB25,812 million from the end of last year, and accounted for 3.45% of total investments, an increase of 0.23 percentage points from the end of last year.



Other debt instruments, mainly including deposits with banks and non-bank financial institutions, debt securities and credit assets invested by principal-guaranteed WMPs, decreased by RMB29,423 million, with its proportion in total financial investments down to 0.44%.

### Debt securities

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
RMB	6,717,823	96.70	6,438,835	96.60
USD	137,803	1.98	138,028	2.07
HKD	24,361	0.35	33,495	0.50
Other foreign currencies	67,178	0.97	55,526	0.83
<b>Total debt securities</b>	<b>6,947,165</b>	<b>100.00</b>	<b>6,665,884</b>	<b>100.00</b>

At the end of June, total investments in RMB debt securities were RMB6.72 trillion, an increase of RMB278,988 million or 4.33% from the end of last year. Total investments in foreign-currency debt securities were RMB229,342 million, an increase of RMB2,293 million or 1.01% from the end of last year.

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Government	5,339,970	76.86	5,095,677	76.45
Central banks	30,259	0.44	39,619	0.59
Policy banks	764,152	11.00	781,313	11.72
Banks and non-bank financial institutions	425,615	6.13	363,852	5.46
Others	387,169	5.57	385,423	5.78
<b>Total debt securities</b>	<b>6,947,165</b>	<b>100.00</b>	<b>6,665,884</b>	<b>100.00</b>

At the end of June, the investments in debt securities issued by governments were RMB5.34 trillion, an increase of RMB244,293 million or 4.79% from the end of last year. The investments in debt securities issued by central banks, policy banks, banks and non-bank financial institutions were RMB1.22 trillion, an increase of RMB35,242 million or 2.97% from the end of last year.

### Repossessed assets

As part of its effort to recover impaired loans and advances to customers, the Group may obtain the title of the collateral, through legal actions or voluntary transfer from the borrowers, as compensation for the losses on loans and advances and interest receivable. At the end of June, the Group's repossessed assets were RMB1,866 million, and the impairment allowances for repossessed assets were RMB1,138 million.

## Liabilities

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Deposits from customers	22,317,969	81.54	20,614,976	80.08
Deposits and placements from banks and non-bank financial institutions	2,145,210	7.84	2,293,272	8.91
Debt securities issued	957,161	3.50	940,197	3.65
Borrowings from central banks	765,913	2.80	781,170	3.04
Financial assets sold under repurchase agreements	115,668	0.42	56,725	0.22
Other liabilities <sup>1</sup>	1,068,926	3.90	1,056,561	4.10
<b>Total liabilities</b>	<b>27,370,847</b>	<b>100.00</b>	<b>25,742,901</b>	<b>100.00</b>

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

The Group continued to expand low-cost funds, diversify funding sources, and optimise debt structure, in order to improve its liabilities quality management. At the end of June, the Group's total liabilities were RMB27.37 trillion, an increase of RMB1.63 trillion or 6.32% from the end of last year. In this amount, deposits from customers amounted to RMB22.32 trillion, up by RMB1.70 trillion or 8.26% from the end of last year. Deposits and placements from banks and non-bank financial institutions decreased by RMB148,062 million or 6.46% from the end of last year to RMB2.15 trillion. Debt securities issued were RMB957,161 million, an increase of RMB16,964 million or 1.80% from the end of last year. Borrowings from central banks were RMB765,913 million, a decrease of 1.95% from the end of last year. Accordingly, in the Group's total liabilities, deposits from customers accounted for 81.54% of total liabilities, an increase of 1.46 percentage points from the end of last year. Deposits and placements from banks and non-bank financial institutions accounted for 7.84% of total liabilities, a decrease of 1.07 percentage points from the end of last year. Debt securities issued accounted for 3.50% of total liabilities, a decrease of 0.15 percentage points from the end of last year. Borrowings from central banks accounted for 2.80% of total liabilities, a decrease of 0.24 percentage points from the end of last year.

### *Deposits from customers*

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
<b>Corporate deposits</b>	<b>10,407,702</b>	<b>46.63</b>	9,699,733	47.05
Demand deposits	6,688,140	29.97	6,274,658	30.44
Time deposits	3,719,562	16.66	3,425,075	16.61
<b>Personal deposits</b>	<b>11,173,783</b>	<b>50.07</b>	10,184,904	49.41
Demand deposits	4,864,865	21.80	4,665,424	22.63
Time deposits	6,308,918	28.27	5,519,480	26.78
<b>Overseas operations and subsidiaries</b>	<b>422,894</b>	<b>1.89</b>	453,991	2.20
<b>Accrued interest</b>	<b>313,590</b>	<b>1.41</b>	276,348	1.34
<b>Total deposits from customers</b>	<b>22,317,969</b>	<b>100.00</b>	20,614,976	100.00

At the end of June, domestic corporate deposits of the Bank were RMB10.41 trillion, an increase of RMB707,969 million or 7.30% from the end of last year. Domestic personal deposits of the Bank were RMB11.17 trillion, an increase of RMB988,879 million or 9.71% from the end of last year and its proportion in domestic deposits from customers rose by 0.55 percentage points to 51.77%. Deposits from overseas operations and subsidiaries were RMB422,894 million, a decrease of RMB31,097 million, accounting for 1.89% of total deposits from customers. Domestic demand deposits were RMB11.55 trillion, an increase of RMB612,923 million or 5.60% from the end of last year and its proportion in domestic deposits from customers was 53.53%. Domestic time deposits were RMB10.03 trillion, an increase of RMB1.08 trillion or 12.12% and its proportion in domestic deposits from customers rose by 1.49 percentage points to 46.47%.

## Shareholder's equity

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

(In millions of RMB)	As at 30 June 2021	As at 31 December 2020
Share capital	250,011	250,011
Other equity instruments	99,968	99,968
- preference shares	59,977	59,977
- perpetual bond	39,991	39,991
Capital reserve	134,924	134,263
Other comprehensive income	14,755	15,048
Surplus reserve	275,995	275,995
General reserve	349,885	350,228
Retained earnings	1,311,434	1,239,295
<b>Total equity attributable to equity shareholders of the Bank</b>	<b>2,436,972</b>	<b>2,364,808</b>
Non-controlling interests	25,369	24,545
<b>Total equity</b>	<b>2,462,341</b>	<b>2,389,353</b>

At the end of June, the Group's equity was RMB2.46 trillion, an increase of RMB72,988 million or 3.05% from the end of last year, primarily driven by the increase of RMB72,139 million in retained earnings. As the growth rate of total equity was slower than that of assets, the ratio of total equity to total assets for the Group fell to 8.25%, a decrease of 0.24 percentage points from the end of last year.

## Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives include interest rate contracts, exchange rate contracts, precious metals and commodity contracts. Commitments and contingent liabilities include credit commitments, capital commitments, government bond redemption obligations, and outstanding litigation and disputes. Among these, credit commitments were the largest component, including undrawn loan facilities that are approved and contracted, unused credit card limits, financial guarantees, and letters of credit. At the end of June, the balance of credit commitments was RMB3.46 trillion, an increase of RMB45,758 million or 1.34% from the end of last year.

### 4.1.3 Loan Quality Analysis

#### Distribution of loans by five-category classification

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Normal	17,281,702	95.67	15,990,401	95.49
Special mention	506,056	2.80	494,638	2.95
Substandard	140,530	0.77	120,731	0.72
Doubtful	111,392	0.62	106,291	0.64
Loss	25,059	0.14	33,707	0.20
<b>Gross loans and advances excluding accrued interest</b>	<b>18,064,739</b>	<b>100.00</b>	16,745,768	100.00
<b>NPLs</b>	<b>276,981</b>		260,729	
<b>NPL ratio</b>		<b>1.53</b>		1.56

At the end of June, the balance of the Group's NPLs was RMB276,981 million, an increase of RMB16,252 million from the end of last year. The NPL ratio was 1.53%, a decrease of 0.03 percentage points from the end of last year. The special mention loans accounted for 2.80% of the gross loans and advances excluding accrued interest, a decrease of 0.15 percentage points from the end of last year.

## Distribution of loans and NPLs by product type

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

(In millions of RMB, except percentages)	As at 30 June 2021			As at 31 December 2020		
	Loans	NPLs	NPL Ratio (%)	Loans	NPLs	NPL Ratio(%)
<b>Corporate loans and advances</b>	<b>9,267,153</b>	<b>230,302</b>	<b>2.49</b>	8,360,221	213,885	2.56
Short-term loans	2,754,320	80,014	2.91	2,593,677	82,260	3.17
Medium to long-term loans	6,512,833	150,288	2.31	5,766,544	131,625	2.28
<b>Personal loans and advances</b>	<b>7,529,011</b>	<b>29,095</b>	<b>0.39</b>	7,233,869	29,451	0.41
Residential mortgages	6,105,839	12,300	0.20	5,830,859	11,320	0.19
Credit card loans	839,412	10,738	1.28	825,710	11,591	1.40
Personal consumer loans	227,838	2,152	0.94	264,581	2,604	0.98
Personal business loans	193,355	1,410	0.73	138,481	1,377	0.99
Other loans	162,567	2,495	1.53	174,238	2,559	1.47
<b>Discounted bills</b>	<b>241,305</b>	-	-	259,061	-	-
<b>Overseas operations and subsidiaries</b>	<b>1,027,270</b>	<b>17,584</b>	<b>1.71</b>	892,617	17,393	1.95
<b>Gross loans and advances excluding accrued interest</b>	<b>18,064,739</b>	<b>276,981</b>	<b>1.53</b>	16,745,768	260,729	1.56

## Distribution of loans and NPLs by industry

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

(In millions of RMB, except percentages)	As at 30 June 2021				As at 31 December 2020			
	Loans	% of total	NPLs	NPL ratio (%)	Loans	% of total	NPLs	NPL ratio (%)
<b>Corporate loans</b>	<b>9,267,153</b>	<b>51.29</b>	<b>230,302</b>	<b>2.49</b>	8,360,221	49.92	213,885	2.56
Transportation, storage and postal services	1,678,655	9.29	29,549	1.76	1,582,628	9.45	31,483	1.99
Manufacturing	1,388,925	7.69	70,981	5.11	1,294,355	7.73	78,059	6.03
Leasing and commercial services	1,641,343	9.09	36,936	2.25	1,399,735	8.36	26,430	1.89
- Commercial services	1,613,303	8.93	35,932	2.23	1,376,621	8.22	25,468	1.85
Production and supply of electric power, heat, gas and water	895,430	4.96	13,140	1.47	826,390	4.93	12,511	1.51
Real estate	742,906	4.11	11,564	1.56	687,504	4.11	9,011	1.31
Wholesale and retail trade	850,234	4.71	19,397	2.28	727,948	4.35	20,989	2.88
Water, environment and public utility management	612,776	3.39	7,141	1.17	524,913	3.13	7,052	1.34
Construction	445,431	2.47	7,628	1.71	381,172	2.28	6,732	1.77
Mining	233,179	1.29	18,870	8.09	212,835	1.27	7,132	3.35
- Exploitation of petroleum and natural gas	7,607	0.04	337	4.43	2,092	0.01	427	20.41
Information transmission, software and information technology services	109,823	0.61	2,349	2.14	92,887	0.55	2,181	2.35
- Telecommunications, broadcast and television, and satellite transmission services	24,398	0.14	681	2.79	21,802	0.13	604	2.77
Education	73,929	0.41	93	0.13	70,763	0.42	75	0.11
Others	594,522	3.27	12,654	2.13	559,091	3.34	12,230	2.19
<b>Personal Loans</b>	<b>7,529,011</b>	<b>41.68</b>	<b>29,095</b>	<b>0.39</b>	7,233,869	43.20	29,451	0.41
<b>Discounted bills</b>	<b>241,305</b>	<b>1.34</b>	-	-	259,061	1.55	-	-
<b>Overseas operations and subsidiaries</b>	<b>1,027,270</b>	<b>5.69</b>	<b>17,584</b>	<b>1.71</b>	892,617	5.33	17,393	1.95
<b>Gross loans and advances excluding accrued interest</b>	<b>18,064,739</b>	<b>100.00</b>	<b>276,981</b>	<b>1.53</b>	16,745,768	100.00	260,729	1.56

In the first half of 2021, the Group continued to optimise its credit structure by increasing green credit and supporting the development of the real economy. The NPL ratios of wholesale and retail trade, and manufacturing dropped, and the NPL ratio of infrastructure sectors remained stable.

#### 4.1.4 Other Financial Information

There is no difference in net profit for the six months ended 30 June 2021 or total equity as at 30 June 2021 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

### 4.2 BUSINESS REVIEW

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

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

	Operating income		Impairment losses		Profit before tax	
	Six months ended 30 June 2021	Six months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020	Six months ended 30 June 2021	Six months ended 30 June 2020
(In millions of RMB)						
Corporate banking	156,003	143,805	(88,221)	(82,207)	33,873	32,425
Personal banking	172,182	156,250	(14,503)	(22,717)	116,685	95,742
Treasury business	28,786	48,042	(1,917)	(2,316)	21,662	40,799
Others	23,936	11,827	(3,871)	(4,326)	12,243	(193)
<b>Total</b>	<b>380,907</b>	<b>359,924</b>	<b>(108,512)</b>	<b>(111,566)</b>	<b>184,463</b>	<b>168,773</b>

In the first half of 2021, operating income of Group's corporate banking business reached RMB156,003 million, up 8.48%, mainly due to the increase in net interest income driven by the growth of loans; impairment losses reached RMB88,221 million, up 7.32%; profit before tax was RMB33,873 million, up 4.47%, accounting for 18.36% of the Group's profit before tax, down 0.85 percentage points from the same period of 2020. Operating income of personal banking business reached RMB172,182 million, up 10.20%, mainly due to the increase in net interest income; impairment losses were RMB14,503 million, down 36.16%; profit before tax totalled RMB116,685 million, up 21.87%, accounting for 63.26% of the total at the group level, up 6.53 percentage points over the same period of 2020. Operating income of treasury business totalled RMB28,786 million, down 40.08%; impairment losses were RMB1,917 million, down 17.23%; profit before tax totalled RMB21,662 million, down 46.91%, accounting for 11.74% of the total at the group level, down 12.43 percentage points over the same period of 2020. Other operating income totalled RMB23,936 million, up 102.38%, and profit before tax totalled RMB12,243 million.

#### 4.2.1 Promotion of Three Major Strategies

##### House rental strategy

The Group steadily pressed ahead with its house rental strategy. At the end of June, the Group's comprehensive house rental service platform covered 96% administrative regions at prefecture-level or above across the country, providing a transparent trading platform for 14 thousand enterprises and 37 million individual landlords and tenants. More than 10 million verified houses and apartments and 6 million contracts had been filed with the platform on a cumulative basis, which also provided the government with an effective tool for market supervision. The House Rental Industry Alliance organised by the Group as a leader consisted of more than 130 upstream and downstream enterprises in the industry, engaging in decoration and design, furniture and



home appliances, and operating services. The alliance is designed to boost industrial development, improve self-discipline mechanism, and promote the healthy development of the industry. The Group continued to forge ahead with pilot projects of equity trading service for house rental enterprises, actively explored rules and policies, nature of equity, and transaction structures, and expanded new funding channels for house rental enterprises. It created the “CCB Home” long-term rental community, incorporating smart communities, public services, financial services and entrepreneurship services, to create a comfortable living environment for blue-collar, white-collar, young entrepreneurs and other tenants. The Group actively explored the integration of its house rental initiatives with urban reconstruction and rural revitalisation, and supported the upgrading and transformation of villages in urban area, old residential areas, and hollow suburban villages in line with local conditions to promote integrated development. The Group supported more than 140 indemnificatory housing projects for rental in pilot cities such as Guangzhou, Hangzhou, and Jinan, and granted special loans to increase the supply of small apartments with low rents. At the end of June, the Bank’s loans for corporate house rental business was RMB105,555 million, an increase of RMB22,146 billion or 26.55% from the end of 2020. Specifically, corporate house rental loans totalled RMB57,691 million, an increase of RMB13,892 million from the end of 2020, supporting more than 300 house rental enterprises; public rental house loans totalled RMB47,864 million, an increase of RMB8,254 million from the end of 2020.

### Inclusive finance strategy

The Group continued to deepen the model of inclusive finance featuring “batch customer acquisition, accurate profiling, automated approval, intelligent risk control, and integrated services”, and promoted online business development and platform operations through technologies such as the Internet and big data. The Group improved “CCB Huidongni” service to improve its efficiency, coverage and customer experience. By the end of June, the application had attracted over 130 million online user visits and been downloaded more than 17 million times. It had over 5.56 million certified enterprises and more than 1 million credit customers. Over 700 billion loans had been granted to borrowers via the application. The Group leveraged on its strength in branch network to make its service more accessible to common people and attract more customers. The Bank had more than 14,000 branches that can provide inclusive finance services, and over 18,000 inclusive finance specialists. The Bank also established more than 250 inclusive finance (small business) service centres and small business centres, as well as more than 1,900 featured inclusive finance outlets. Thus, efficient online service at hand was smoothly combined with warm and high-quality offline service. The Group continued to improve a series of products with new pattern such as “Quick Loan for Small and Micro Business”, “Quick Loan for Personal Business”, “Yunong Quick Loan” and “Quick Loan for Transactions” and built diversified lines of inclusive finance products. By the end of June, the Group had granted more than RMB4.7 trillion loans, benefiting more than 2.1 million customers. The Group pressed ahead with the building of “CCB Startup Station”, and integrated internal and external resources of the industry, as well as online and offline service models to provide comprehensive services for innovative and entrepreneurial enterprises. The Group continued to strengthen risk control and built an enterprise-level, whole-process automatic and intelligent risk management system which helped keep the quality of credit assets stable. At the end of June, according to the regulatory classification requirements in 2021, the Bank’s inclusive finance loans totalled RMB1.71 trillion, an increase of RMB288,382 million from the end of 2020, and the interest rate of new inclusive loans granted to small and micro businesses was 4.17%, down 0.19 percentage points from the end of 2020. The number of inclusive finance loan borrowers reached 1,801.8 thousand, an increase of 106.3 thousand from the end of 2020.

By the end of June, the total number of “CCB Yunongtong” inclusive finance service outlets was 520,000, covering nearly 80% of towns, townships and administrative villages across the country, which provided convenient financial services, convenience services, smart government affairs services, and e-commerce services for agriculture enterprises, farmers and enterprises in rural areas. The Bank established “CCB Yunongtong” comprehensive service platform for rural revitalisation, which had granted RMB2,115 million loans, completed payments of over RMB26 million, and served more than 950,000 users on a cumulative basis. A total of 13.75 million “Rural Revitalisation • Yunongtong” cards had been issued to key personal customers working in innovation and entrepreneurship sectors. The Bank also customised “Yunong Quick Loan” series to legal persons, collectives, and farmers to realise whole-process online loans processing, and effectively reduce the financing costs of agriculture-related loans. Taking into account characteristics of local markets, it actively carried out product innovation pilots such as “high-standard farmland loans” in the fields of food and agriculture to support the development of agricultural industry. At the end of June, the balance of agriculture-related loans of the Bank was RMB2.31 trillion, up RMB224,305 million or 10.74% from the end of 2020. Specifically, the balance of agriculture-related corporate loans was RMB1.68 trillion; the balance of agriculture-related personal loans was RMB637,727 million; and the balance of agriculture-related inclusive loans (excluding discounted bills) was RMB271,234 million, up RMB45,976 million or 20.41% from the end of 2020. The number of agriculture-related loans borrowers was 2,184,200, and the average interest rate of agriculture-related loans was 4.69%, down 0.06 percentage points from the end of 2020.

### FinTech strategy

The Group optimised FinTech governance system and promoted in-depth development of FinTech strategy. The Board reviewed and approved the *FinTech Strategic Plan 2021-2025*, which sets out the overall arrangement of the Group’s FinTech development goals, key tasks and safeguard measures for the next five years. The Group continued to promote the building of technology and data middle offices and improved its ability in technology and data multiplexing, agile delivery and collaboration. The AI platform realised pooled management and flexible supply of computing resources, and supported efficient model research and development and online reasoning. The Group researched and developed 180 models in the five fields of computer vision, intelligent voice, natural language processing, knowledge graph and intelligent decision-making, and put into operation 507 application scenarios on a cumulative basis. It developed an autonomic computer vision algorithm suitable for small edge computing devices, supported real-time video analysis scenarios in fields such as security and compliance by connecting with IoT, and innovated the application of AI + satellite remote sensing technology to agriculture-related loans. The blockchain service platform realised cloud-based service supply, adapted to various blockchain underlying technology frameworks, supported cross-chain interconnection of heterogeneous architecture, and established relatively complete capability in underlying management and application support of blockchain, which was applied in more than 30 scenarios including 12 business areas such as trade finance, cross-border payments, smart government affairs, and housing rental. CCB Cloud is committed to building a cloud service brand preferred by users in the financial industry, forming a multi-region, multi-function, safe and reliable layout, providing cloud service support for 401 projects across nine major fields such as government affairs, housing, and financial institution business to further improve its cooperation with government institutions and the level of ecological empowerment. The Group enabled large-scale cloud-based resource supply through the big data platform, and significantly enhanced the capacity in massive data processing and real-time computing. It further upgraded the data lake technology and migrated all business data to the data lake to provide more abundant data resources and data processing modes for business development. It managed and shared the

Group's data as assets, to support digitalised operation, group-level integration and other big data scenarios. It built an applet-based open ecology for mass development through the mobile internet platform. It continued to build special IoT network, which connected with over one million Internet of Things (IoT) terminals and supported 26 IoT applications including data collection by event tracking for digitalised operation, 5G smart banking, intelligent security, operation and distribution and CCB Yunongtong. Furthermore, the Group strengthened the enterprise-level security architecture management and control and completed the construction and promotion of Phase One of a smart security operation platform. The Bank's subsidiary, CCB Fintech Co., Ltd., introduced three strategic investors for capital injection and share issuance and its valuation rose to RMB10 billion after capital injection.

At the end of June, the number of the Group's FinTech personnel was 14,012, accounting for 3.79% of its total headcount. The Group had been granted a total of 606 patents, including 389 invention patents, maintaining a leading position in the domestic banking industry in terms of invention patents.

## 4.2.2 Corporate Banking

### Corporate financial service

Corporate deposits increased steadily, and the customer base was continuously consolidated. At the end of June, domestic corporate deposits of the Bank amounted to RMB10.41 trillion, up RMB707,969 million or 7.30% from the end of 2020. Specifically, demand deposits increased by 6.59% and time deposits increased by 8.60%. The number of the Bank's corporate customers was 7,547.7 thousand, an increase of 267.2 thousand or 3.67% from the end of 2020.

Corporate loans maintained rapid growth, vigorously supporting the real economy. At the end of June, the Bank's domestic corporate loans and advances amounted to RMB9.27 trillion, an increase of RMB906,932 million or 10.85% from the end of 2020. The NPL ratio of corporate loans and advances was 2.49%. The business kept sound growth momentums in key areas. The balance of loans to infrastructure sectors reached RMB4.83 trillion, an increase of RM497,723 million or 11.48% from the end of 2020, accounting for 52.14% of domestic corporate loans and advances, with an NPL ratio of 1.80%. Medium to long-term manufacturing loans amounted to RMB616,849 million, an increase of RMB96,917 million or 18.64% from the end of 2020. The balance of loans to private enterprises was RMB3.22 trillion, an increase of RMB332,391 million or 11.52% from the end of 2020. Loans to strategic emerging industries amounted to RMB767,760 million, an increase of RMB152,240 million or 24.73% from the end of 2020. The balance of property development loans amounted to RMB502,075 million, an increase of RMB29,347 million or 6.21% from the end of 2020. The Bank provided more than RMB380 billion supply chain financing to over 56,000 enterprises across more than 3,700 industrial chains, of which private enterprises accounted for 97% and small and micro businesses accounted for 90%.

### Institutional business

The Bank supported the modernisation of state governance system and governance capacity with its innovative smart government affairs service, to enable the development of digital government, digital society and digital economy. By the end of June, the Bank had established cooperative relationships with 28 provincial governments, and participated in the construction of the national service platform for government affairs, and many other platforms or scenarios related to the CBIRC, the Beijing-Tianjin-Hebei region as well as "Internet + Government Affairs Service" and "Internet + Supervision" in 13 provincial and 10 municipal governments. The total number of registered users of the online platform reached 160 million, and the total number of government affairs handled reached more than 1.7 billion. The Bank actively explored the model

for constructing a “cross-provincial” government affairs service platform, and coordinated its 14 thousand outlets to provide government affairs services, where one could handle, make appointments for and inquire about more than 4,600 government affairs items. By innovatively building the designated smart teller machine (STM) service zone for “cross-provincial” government affairs, the Bank built “government service lobbies for the public” at 35 branches, which can provide services related to 436 government affairs items.

The Bank built platforms for the supervision of rural collective assets management, the rural property transactions and the smart village affairs, focused on making smart government affairs services more accessible for rural residents, and supported the implementation of the “Internet + Governance at Community Level” initiative. The Bank used “CCB Smart Campus” platform to provide over ten thousand schools and thousands of teachers and students with digital campus learning and life service scenarios, created an “educational service fund supervision platform” to meet national policies and public needs, and helped government, businesses and communities to empower social development. Centred on the “fully online medical services”, the “CCB Smart Healthcare” platform enhanced the medical efficiency and service levels for hundreds of medical and healthcare institutions, making it easier for the public to seek treatment or manage their health. The Bank created scenarios for nucleic acid testing appointment payment and COVID-19 vaccination appointment to help the government to improve its public health care services.

### International business

The Bank increased support for foreign trade customers and actively assisted in the establishment of a new development pattern of dual circulation where domestic and foreign markets can boost each other. The Group deepened cooperation with China Export & Credit Insurance Corporation, and the amount of insurance policy financing in the first half of 2021 increased by 111.28% from the same period last year. The cumulative transaction amount of forfaiting exceeded RMB370 billion, while more than RMB15 billion loans were granted through the “Cross-border Quick Loan” series to nearly 10,000 customers. As the first batch of banks directly linked to China International Trade “Single Window”, the Group launched over 10 online financial service functions, maintaining a leading position among peers. It made overall use of products and services such as international syndicate, cross-border merger and acquisition and export credit, and provided all-round financial support and financing facilities for the Belt and Road construction with solutions that combined financing with intelligence.

The Bank accelerated the innovation and development of key green finance products, clarified the recognition criteria for green letters of credit, and took the green industry as a key area to develop the trade finance business such as international factoring. Trade finance business meeting the PBC’s recognition criteria for green credit amounted to RMB20,331 million. The Bank focused on green topics and used the “CCB Match Plus” platform to hold several cross-border connection activities such as “Promote ESG, Embrace Green Finance” of Sino-UK New Energy-Webinar.

The Bank vigorously developed cross-border RMB business to promote the RMB internationalisation strategy. In the first half of 2021, the Bank’s cross-border RMB settlement volume reached RMB1.28 trillion. It supported the development of offshore RMB market, and its three RMB clearing banks in the UK, Switzerland and Chile operated steadily. Specifically, CCB London Branch continued to be the largest RMB clearing bank outside Asia, with a cumulative clearing amount of over RMB57 trillion.

### Custody service

The Bank cultivated the brand of “CCB SMART Custody” to promote high-quality custody service, and successfully became custodian for the National Green Development Funds and the

Industrial Investment Funds for Beijing-Tianjin-Hebei Coordinated Development. At the end of June, assets under the Bank's custody amounted to RMB16.79 trillion, an increase of RMB1.54 trillion over the end of 2020. Specifically, insurance assets, assets entrusted to security companies and QFII assets under the Bank's custody increased by RMB593.3 billion, RMB176.5 billion and RMB52.7 billion, respectively, all ranking first in the industry. Fee income from custody service totalled RMB3,848 million, an increase of RMB757 million, or 24.50% from the same period last year.

### Settlement and cash management business

The Bank continued to improve the quality and efficiency of account services and streamlined small and micro businesses account opening process. The Bank actively participated in anti-gambling and anti-fraud social governance and built an enterprise-level gambling and fraud risk monitoring system. The Bank took advantage of new opportunities in digital economy and vigorously expanded e-CNY agency business. The Bank further diversified scenarios and services of cash management products. Specifically, it launched "Jianguanyi" to safeguard the construction of major national projects and the safe operation of supply chain funds, as well as the proper use of funds by educational service institutions. It upgraded "Huishibao" to cover more application scenarios such as renovation and medical services, explored digital account payment, and enhanced the connection and collaboration capabilities of the digital service platforms. The Bank continued to refine the global cash management product system by integrating domestic and overseas markets, domestic and foreign currencies, and further advanced the digitalised operation of services to long-tail corporate customers. At the end of June, the Bank had 11.86 million corporate RMB settlement accounts, an increase of 404.8 thousand over the end of 2020, while its active cash management customers increased by 171.7 thousand to 1,847.8 thousand from the same period last year.

## 4.2.3 Personal Banking

### Personal financial service

Market competitiveness of retail banking continued to strengthen. The business model of digitalised operation was more mature. The Bank innovatively upgraded "Cloud Workshop + Corporate Wechat Account", and made breakthroughs in the direct operating system for long-tail customers. It enhanced its capacity in setting up scenarios, seized its first mover advantage in e-CNY to actively create the consumption ecology, and solidly promoted the unified, merchants-sharing comprehensive service platform. The number of merchants with high personal contribution increased by 1.62 million, up 14% from the same period last year. The Bank vigorously carries out theme activities such as "Benefit Season" and "Fighting Season" to expand its social influence and facilitate business development, and significantly improved its capacity in digitalised operation. The mega wealth system achieved initial results, and the brand and platform of "Long Fortune" were comprehensively upgraded. Personal deposits grew rapidly, and the business foundation was further consolidated. At the end of June, domestic personal deposits of the Bank rose by RMB988,879 million or 9.71% from the end of 2020 to RMB11.17 trillion. Personal customers held financial assets of over RMB14 trillion. The proportion of pre-tax profit of personal banking in total profit of the Group was 63.26%.

In accordance with the requirements of China's control and loan concentration management policies for the real estate market, the Bank strictly implemented differentiated credit policies for residential mortgages, supporting the borrowers' reasonable housing needs. The Bank actively practised the whole-process risk prevention and control concept, and took solid measures in risk prevention to ensure the sustainable, stable and healthy development of residential mortgages. At the end of June, domestic personal loans of the Bank increased by RMB295,142 million, or 4.08%

from the end of 2020, to RMB7.53 trillion. Specifically, the balance of residential mortgages was RMB6.11 trillion, an increase of 4.72%; the balance of personal consumer loans was RMB227,838 million, including RMB203,491 million personal quick loans; and the balance of agriculture-related personal loans was RMB4,363 million, an increase of 57.43% from the end of 2020.

### Entrusted housing finance business

The Bank adhered to the purpose of “supporting housing reform and serving the public” for the entrusted housing finance business and drove service transformation and upgrading with digital solutions. At the end of June, the balance of housing fund deposits was RMB1.01 trillion, while personal provident housing fund loans amounted to RMB2.69 trillion. The Bank issued a total of 38.27 million co-branded provident housing fund cards. The Bank steadily pressed ahead with financial services in the indemnificatory housing market, and had cumulatively provided RMB117,283 million indemnificatory housing loans to nearly 600,000 low- and middle-income households, and RMB53,161 million loans for 220 pilot indemnificatory housing projects.

### Debit card business

The Bank deeply engaged in the building of consumption ecosystem, and provided diversified debit card products functions and services. At the end of June, the number of active debit cards was 1,226 million, including 680 million financial IC debit cards. The consumption amount via debit cards totalled RMB12.85 trillion, an increase of 19.98% from the same period last year. The Bank continuously optimised “Long Pay” products functions, maintaining a leading position among its peers in terms of business size and brand image. In the first half of 2021, the number of users of “Long Pay” exceeded 173 million.

### Credit card business

The Bank innovatively used ideas and methods of digitalised operation to strengthen the refined management of credit card business. It launched the “Leader” credit card in its Transformers series, and fully upgraded the benefits and services for bilibili credit card, “My love” Family Card and other “Long” cards, creating competitive popular products. It cooperated with more than 30 leading merchants to build the “Long Credit Card Discounts 666” marketing brand. It stepped up instalment loans innovation, and promoted instalment loans for new energy vehicles. The Bank also pressed ahead with the building of business circles. It applied online authentication tools such as facial recognition, optical character recognition, online identity verification to enhance its anti-fraud capability online, and strengthened the active detection of suspected inflows of credit card funds into real estate, investment, production and operation sectors and cash out activities, to improve proactive intelligent risk management.

At the end of June, the cumulative number of credit cards issued by the Bank and customers reached 146 million and 105 million, respectively. The spending amount via credit cards totalled RMB1.50 trillion. The loan balance was RMB839,412 million with an NPL ratio of 1.28%. The Bank remained as a market leader in terms of multiple core indicators, including the total number of customers and loan balance of credit cards.

### Private banking business

The Bank increased the supply of private banking products and services and maintained a leading position for its family trust advisory business in the industry. It accelerated the progress of improving professional capabilities in asset allocation, continued to issue allocation strategies for major classes of assets, and promoted asset management services of private banking. It pressed ahead with the building of the whole-process integrated system for smart APPs and

customer services of private banking and created a high-standard quality service experience for private banking customers. At the end of June, the private banking customers' assets under management reached RMB1.93 trillion, an increase of 8.45% from the end of 2020. The Bank had 175,610 private banking customers, an increase of 9.21% from the end of 2020. The balance of assets under management of family trust advisory business was RMB46 billion.

#### **4.2.4 Treasury Business**

##### *Financial market business*

The Bank's financial market business actively supported the national strategies and the development of the real economy, continued to make progress in operating management, trading platforms building, digitalised operation, customer service and expansion, and risk management and control, and maintained a leading position among its peers in terms of key business indicators.

##### *Money market business*

The Bank strengthened its proactive management with a combination of money market tools, and maintained reasonable RMB and foreign currency positions, to ensure sound liquidity. With regard to its RMB money market business, the Bank strengthened market analysis to gain in-depth understanding of market movement patterns, explored foreign investors for interbank certificates of deposits, and enhanced transaction capacity, continuously improving its market influence. With regard to its foreign currency money market business, the Bank tracked the monetary policies of US Federal Reserve and market trends to improve the yields of its foreign currency funds and its market influence; it actively innovated domestic third-party foreign currency repurchase business, and successfully issued the Bank's first foreign currency interbank certificates of deposits in the domestic market.

##### *Debt securities business*

The Bank adhered to the strategy of value investment, optimised its portfolio structure, and supported the development of the real economy. The Bank actively implemented the concept of green development and increased green bond investment. The Bank continuously studied the trend of interest rate movements, set a reasonable pace of investment, enhanced credit risk control, and raised the overall return on investment. The Bank applied FinTech to empower small- and medium-sized financial institutions and effectively met their needs for government bond investments. The Bank actively underwrote and invested in domestic USD bonds, and contributed to the building of domestic market of foreign currency bonds.

##### *Customer-based trading business*

The Bank steadily carried forward the high-quality development of its customer-based trading business, and further strengthened its IT system construction. It promoted the concept of risk neutrality, consolidated customer base, implemented tiered customer services, actively met the trading needs of foreign institutional investors, and strengthened management and control of the business risk. It successfully introduced the "Quick Transaction for Micro and Small Enterprises" transaction function as well as other modules. In the first half of 2021, the customer-based trading volume amounted to US\$297.5 billion, the volume of foreign exchange interbank market-making transactions reached US\$2.49 trillion, and the Bank remained a top market maker.

### Precious metals and commodities

The Bank continuously promoted the steady development of its precious metals and commodities business. It paid close attention to market fluctuations and provided bulk commodity hedging services for enterprises to help them operate steadily; strengthened digitalised operation and improved customer service experience; and strengthened risk management and consumer rights and interests protection. In the first half of 2021, the total trading volume of precious metals of the Bank reached 40,339 tonnes.

### Assets management business

The Bank continued to promote the building of a new system for asset management at the group level, strengthened key activities such as assets allocation, channel sales, investment research and investment operation, FinTech, and risk management. It strictly followed regulatory guidance to carry out operation and rectification of existing WMPs in a smooth and orderly manner. It accelerated asset management business model transformation and innovation and strove to build the Bank's third pillar of business development. At the end of June, the Group's WMPs amounted to RMB1,849,393 million. In this amount, those managed by the Bank were RMB903,127 million, and those managed by CCB Wealth Management, its subsidiary, were RMB946,266 million.

In the first half of 2021, the Bank independently issued various WMPs totalling RMB2,579,222 million to effectively meet the investment needs of customers. In this amount, six net-asset-value type WMPs were launched, with a balance of RMB286,238 million, accounting for 31.69% of the total. The balance of expected-return WMPs was RMB616,889 million, accounting for 68.31% of the total. The balance of WMPs to personal customers was RMB639,101 million, accounting for 70.77% of the total; and that to corporate customers was RMB264,026 million, accounting for 29.23% of the total. The Bank carried out product transition to its subsidiary in an orderly manner to protect the interests of customers, with a better asset structure and a higher proportion of standardised assets. The standardised assets that can be traded in the open market amounted to RMB653,093 million, accounting for 65.34% of the total, up 5.21 percentage points over the end of 2020.

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

(In millions of RMB, except periods)	As at 31 December 2020		WMPs issued		WMPs matured		As at 30 June 2021	
	Batches	Amount	Batches	Amount	Batches	Amount	Batches	Amount
Non-principal guaranteed WMPs	2,390	1,471,010	850	2,578,804	2,513	3,175,014	727	874,800
Principal guaranteed WMPs	1	56,854	-	418	-	28,945	1	28,327
<b>Total</b>	<b>2,391</b>	<b>1,527,864</b>	<b>850</b>	<b>2,579,222</b>	<b>2,513</b>	<b>3,203,959</b>	<b>728</b>	<b>903,127</b>



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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Cash, deposits and interbank negotiable certificates of deposit	181,286	18.14	393,298	24.02
Bonds	522,925	52.32	688,972	42.08
Non-standardised debt assets	196,661	19.67	358,187	21.88
Other assets	98,688	9.87	196,807	12.02
<b>Total</b>	<b>999,560</b>	<b>100.00</b>	1,637,264	100.00

At the end of June, the balance of various WMPs managed by CCB Wealth Management was RMB946,266 million. The balance of WMPs to personal customers was RMB814,526 million, accounting for 86.08% of the total; that to corporate customers was RMB131,740 million, accounting for 13.92% of the total. The standardised assets that can be traded in the open market accounted for 69.24% of the total, amounting to RMB733,613 million.

### Investment banking business

The Bank actively pressed ahead with bond and securitisation projects in the fields of people's livelihood such as rural revitalisation, innovation and entrepreneurship, high growth, and private enterprises, and leveraged platforms such as "FITS® e Intelligent" and "FITS® e+" to improve the quality and efficiency of inclusive customer services. It optimised the structure of bond underwriting business and underwrote a total of 396 batches of bond financing instruments for enterprises with an aggregate financing amount of RMB260.7 billion. New non-standard debt and equity assets amounted to RMB115,590 million. The size of asset securitisation business was RMB18,710 million. It issued six batches of trust beneficial right transfer products of corporate loans credit assets, amounting to RMB26,871 million. In the first half of 2021, the Bank's income from investment banking reached RMB5,562 million. It had a total number of over 60,000 customers, of which exceeding 57,000 were inclusive customers. It provided over RMB400 billion direct financing for enterprises.

### Financial institutional business

The Bank continued to promote the upgrading and expansion of the interbank cooperation platform, focusing on the building of ecological scenarios such as interbank finance and joint risk management. The platform has successively launched products such as deposits and placements with banks and non-bank financial institutions, cooperative placements with banks and non-bank financial institutions, non-settlement deposits from banks and non-bank financial institutions, the "Hui" series and the "Micro" series. By the end of June, the cumulative transaction volume of the platform reached RMB19 billion, and more than 900 financial institutions had used the Bank's joint risk management products of "Hui" series. At the end of June, the Bank's amounts due to other domestic financial institutions (including insurance deposits) were RMB1.64 trillion, a decrease of RMB171,875 million from the end of 2020. The Bank's assets placed with other domestic financial institutions were RMB679,387 million, a decrease of RMB45,095 million from the end of 2020.

## 4.2.5 Overseas Commercial Banking Business

The Group steadily expanded its overseas business and institutional network to enhance globalised customer service capability and international competitiveness. By the end of June, the Group had established overseas commercial banking institutions in 30 countries and regions. The Group had wholly-owned operating subsidiaries including CCB Asia, CCB London, CCB Russia, CCB Europe, CCB New Zealand, CCB Brasil and CCB Malaysia, and held 60% of equity in CCB Indonesia. In the first half of 2021, net profit achieved by overseas commercial banking institutions of the Group was RMB3,294 million.

### CCB Asia

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

CCB Asia holds a banking license to engage in multiple lines of business, with its core base in Hong Kong and Macau and a wide reach spreading to the Chinese mainland and Southeast Asia. The targeted customers of its wholesale business include local Blue-Chip and large Red-Chip companies, large Chinese conglomerates and multinational corporations, while it also provides high-quality financial services to premium local customers. CCB Asia has rich experience and traditional advantages in providing professional financial services such as overseas syndicated loans and structured finance and has achieved rapid growth in corporate financial services in international settlement, trade finance, financial market trading and financial advisory service. CCB Asia is the Group's service platform for retail and small and medium-sized enterprises in Hong Kong, and has 38 branches and outlets. At the end of June, total assets of CCB Asia amounted to RMB410,501 million, and shareholders' equity was RMB65,047 million. Net profit for the first half of 2021 was RMB1,188 million.

### CCB London

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

In order to better respond to changes in the external market environment and the needs of internal operation and management, the Group has steadily promoted the business integration of London institutions, and the existing businesses of CCB London were transferred to London Branch in an orderly manner. At the end of June, total assets of CCB London amounted to RMB3,421 million, and shareholders' equity was RMB3,420 million. Net losses for the first half of 2021 were RMB68,200.

### CCB Russia

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

CCB Russia is dedicated to serving Chinese enterprises in Russia, large Russian enterprises and multinational enterprises involved in Sino-Russia bilateral trade. It is mainly engaged in corporate deposits and loans, international settlement and trade finance, financial market trading, financial institutional business, clearing, etc. At the end of June, total assets of CCB Russia amounted to RMB1,984 million, and shareholders' equity was RMB580 million. Net profit for the first half of 2021 was RMB1 million.

## CCB Europe

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

CCB Europe mainly provides services to large and medium-sized enterprises in Europe as well as European multinational enterprises in China. It is mainly engaged in corporate deposits and loans, international settlement, trade finance, and cross-border trading. At the end of June, total assets of CCB Europe amounted to RMB18,653 million, and shareholders' equity was RMB4,021 million. Net losses for the first half of 2021 were RMB36 million.

## CCB New Zealand

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

CCB New Zealand holds wholesale and retail business license, and offers all-round and high-quality financial services, including corporate loans, trade finance, RMB clearing and cross-border trading. At the end of June, total assets of CCB New Zealand amounted to RMB8,583 million, and shareholders' equity was RMB1,139 million. Net profit for the first half of 2021 was RMB54 million.

## CCB Brasil

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

CCB Brasil provides banking services, including corporate loans, trading and personal lending, as well as non-banking financial services such as leasing. CCB Brasil has eight domestic branches and sub-branches in Brasil, one Cayman branch, and eight subsidiaries. These subsidiaries provide personal loans, prepaid cards, leasing, factoring and other services. At the end of June, total assets of CCB Brasil amounted to RMB21,929 million, and shareholders' equity was RMB1,368 million. Net losses for the first half of 2021 were RMB82 million.

## CCB Malaysia

China Construction Bank (Malaysia) Berhad is a wholly-owned subsidiary of the Bank, established in Malaysia in 2016, with a registered capital of MYR822.6 million.

As a licensed commercial bank, CCB Malaysia can provide various financial services, including global credit granting, trade finance, supply chain finance, clearing in multiple currencies, and cross-border fund transactions for key projects under the Belt and Road Initiative, enterprises engaging in Sino-Malaysian bilateral trade, and large local infrastructure projects in Malaysia. At the end of June, total assets of CCB Malaysia were RMB8,346 million, and shareholders' equity was RMB1,398 million. Net profit for the first half of 2021 was RMB44 million.

## CCB Indonesia

PT Bank China Construction Bank Indonesia Tbk is a fully licensed commercial bank listed on the Indonesia Stock Exchange. Headquartered in Jakarta, CCB Indonesia has 84 branches, sub-branches and cash offices across the country. The Bank completed the acquisition of 60% equity in PT Bank Windu Kentjana International Tbk in September 2016 and renamed it PT Bank China Construction Bank Indonesia Tbk in February 2017. CCB Indonesia completed procedures related to public offering in December 2020, leading to new registered capital of

IDR3.79 trillion. The Bank invested IDR1.92 trillion to subscribe to these shares, and the proportion of ownership remained unchanged at 60%.

The business priorities of CCB Indonesia include corporate business, small and medium-sized enterprise business, trade finance and infrastructure finance. It is committed to promoting the bilateral investment and trade between China and Indonesia, serving Blue-Chip companies in Indonesia, and supporting the Belt and Road Initiative. At the end of June, total assets of CCB Indonesia amounted to RMB11,521 million, and shareholders' equity was RMB2,695 million. Net profit for the first half of 2021 was RMB26 million.

#### **4.2.6 Integrated Operation Subsidiaries**

The Group has multiple domestic and overseas subsidiaries, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, Sino-German Bausparkasse, CCB Futures, CCB Pension, CCB Property & Casualty, CCB Investment, CCB Wealth Management and CCB International. In the first half of 2021, the overall development of integrated operation subsidiaries was robust with steady business growth. At the end of June, total assets of integrated operation subsidiaries were RMB753,054 million. Net profit reached RMB6,659 million.

##### **CCB Principal Asset Management**

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

CCB Principal Asset Management gave full play to its professional strength and steadily improved its business performance. At the end of June, total assets managed by CCB Principal Asset Management were RMB1.24 trillion. Specifically, mutual funds were RMB578,584 million; separately managed accounts were RMB364,973 million; assets managed by its subsidiary CCB Principal Capital Management Co., Ltd. reached RMB297,416 million. Total assets of CCB Principal Asset Management were RMB8,315 million, and shareholders' equity was RMB7,268 million. Net profit for the first half of 2021 was RMB497 million.

##### **CCB Financial Leasing**

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

CCB Financial Leasing gave full play to its license advantages, adhered to the concept of returning to the origin business priority – leasing, based itself on key regions, and strengthened parent-subsidiary cooperation, to improve the quality and efficiency of serving the real economy. It actively participated in the New Financial practices and focused on the transformation to green leasing. It promoted the transformation of inclusive leasing business and digitalised operation. It strengthened the base of risk management and kept its NPL ratio at a low level in the industry. At the end of June, total assets of CCB Financial Leasing were RMB138,146 million, and shareholders' equity was RMB21,540 million. Net profit for the first half of 2021 reached RMB974 million.

## CCB Trust

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

CCB Trust stepped up efforts in improving compliance in its operations, actively engaged in innovation-driven development, and delivered strong operating results. At the end of June, trust assets under management amounted to RMB1.63 trillion. Total assets of CCB Trust were RMB40,131 million, and shareholders' equity was RMB23,752 million. Net profit for the first half of 2021 was RMB1,195 million.

## CCB Life

CCB Life Insurance Co., Ltd. was established in 1998 with a registered capital of RMB7,120 million. The Bank, China Life Insurance Co., Ltd. (Taiwan), the National Council for Social Security Fund, Shanghai Jin Jiang International Investment and Management Company Limited, Shanghai China-Sunlight Investment Co., Ltd. and China Jianyin Investment Limited hold 51%, 19.9%, 16.14%, 4.9%, 4.85% and 3.21% of its shares, respectively. It is mainly engaged in personal insurance such as life, health, accidental injury insurance and reinsurance of the above-mentioned offerings.

CCB Life further optimised its business structure and its financial results continued to improve. At the end of June, total assets of CCB Life were RMB253,361 million, and shareholders' equity was RMB22,490 million. Net profit for the first half of 2021 was RMB1,113 million.

## Sino-German Bausparkasse

Sino-German Bausparkasse Co., Ltd. was established in 2004 with a registered capital of RMB2 billion. The Bank and Bausparkasse Schwaebisch Hall AG hold 75.10% and 24.90% of its shares, respectively. As a specialised commercial bank committed to serving the housing finance sector, Sino-German Bausparkasse is engaged in housing savings deposits and loans, residential mortgages, and real estate development loans for indemnificatory housing supported by state policies.

Sino-German Bausparkasse achieved steady business development, and the sales of housing savings products amounted to RMB10,128 million in the first half of 2021. At the end of June, total assets of Sino-German Bausparkasse were RMB28,380 million, and shareholders' equity was RMB3,054 million. Net profit for the first half of 2021 was RMB44 million.

## CCB Futures

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

CCB Futures gave full play to its professional strength, strengthened its ability to serve the real economy and maintained stable development in all business lines. At the end of June, total assets of CCB Futures were RMB11,443 million, and shareholders' equity was RMB1,119 million. Net profit for the first half of 2021 was RMB41 million.

## CCB Pension

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

CCB Pension steadily promoted the building of the Group's pension financial ecosystem, further explored the regional pension industry alliance, and made innovative breakthroughs in the "house deposit for pension" business. It also achieved remarkable success in the expansion of occupational annuity market and won all public tenders for government-administered occupational annuity plans. At the end of June, assets under management by CCB Pension reached RMB541,242 million, total assets of CCB Pension were RMB3,506 million, and shareholders' equity was RMB2,632 million. Net profit for the first half of 2021 was RMB70 million.

## CCB Property & Casualty

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

CCB Property & Casualty witnessed a steady business development. At the end of June, total assets of CCB Property & Casualty were RMB1,415 million, and shareholders' equity was RMB472 million. Net losses for the first half of 2021 were RMB8 million.

## CCB Investment

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

CCB Investment adopted a market-oriented approach and made active efforts to explore opportunities with business innovations. By the end of June, it had realised a total contractual amount of RMB913,596 million under framework agreements and an actual investment amount of RMB351,286 million. At the end of June, total assets of CCB Investment were RMB138,401 million, and shareholders' equity was RMB29,662 million. Net profit for the first half of 2021 was RMB1,547 million.

## CCB Wealth Management

CCB Wealth Management Co., Ltd. is a wholly-owned subsidiary of the Bank, established in 2019, with a registered capital of RMB15 billion. It is mainly engaged in the offering of WMPs, investment and management of entrusted properties, and wealth management advisory and consulting services.

CCB Wealth Management persisted in serving the real economy, continuously improved its proactive management capability of asset management business, and actively participated in the development of capital market on the basis of sound and compliant operations. At the end of June, total assets of CCB Wealth Management were RMB16,609 million, and shareholder's equity was RMB15,926 million. The size of WMPs amounted to RMB946,266 million. Net profit for the first half of 2021 was RMB529 million.

## CCB International

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

CCB International maintained stable development in all business lines by continuing to focus on the trend of China concept stocks seeking listings on A-share or H-share market, supporting the development of national strategies and providing innovative services to the real economy. It led the industry in acting as securities sponsor and underwriter as well as M&A financial advisor. At the end of June, total assets of CCB International were RMB88,871 million, and shareholders' equity was RMB14,526 million. Net profit for the first half of 2021 was RMB690 million.

### 4.2.7 Analysed by Geographical Segment

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

(In millions of RMB, except percentages)	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Amount	% of total	Amount	% of total
Yangtze River Delta	29,914	16.22	27,486	16.29
Pearl River Delta	27,530	14.92	28,208	16.71
Bohai Rim	30,590	16.58	27,311	16.18
Central	34,711	18.82	16,021	9.49
Western	25,170	13.65	26,105	15.47
Northeastern	1,970	1.07	3,292	1.95
Head Office	34,112	18.49	37,763	22.38
Overseas	466	0.25	2,587	1.53
<b>Profit before tax</b>	<b>184,463</b>	<b>100.00</b>	<b>168,773</b>	<b>100.00</b>

The following table sets forth the distribution of the Group's assets by geographical segment.

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Yangtze River Delta	5,265,601	13.47	4,874,094	13.05
Pearl River Delta	4,148,127	10.61	3,942,366	10.55
Bohai Rim	6,885,064	17.61	6,671,861	17.86
Central	4,655,545	11.91	4,423,501	11.84
Western	4,179,766	10.69	3,985,433	10.67
Northeastern	1,494,281	3.82	1,451,185	3.88
Head Office	10,862,198	27.79	10,577,145	28.31
Overseas	1,602,453	4.10	1,434,781	3.84
<b>Total assets<sup>1</sup></b>	<b>39,093,035</b>	<b>100.00</b>	<b>37,360,366</b>	<b>100.00</b>

1. Total assets exclude elimination and deferred tax assets.



The following table sets forth the distribution of the Group's loans and NPLs by geographical segment.

(In millions of RMB, except percentages)	As at 30 June 2021				As at 31 December 2020			
	Gross loans and advances	% of total	NPLs	NPL ratio (%)	Gross loans and advances	% of total	NPLs	NPL ratio (%)
Yangtze River Delta	3,312,352	18.33	34,830	1.05	3,003,466	17.93	32,932	1.10
Pearl River Delta	2,987,484	16.54	37,657	1.26	2,770,718	16.55	38,323	1.38
Bohai Rim	3,031,962	16.78	43,259	1.43	2,819,557	16.84	43,467	1.54
Central	3,310,716	18.33	73,232	2.21	3,084,244	18.42	65,990	2.14
Western	2,923,996	16.19	41,311	1.41	2,741,336	16.37	39,218	1.43
Northeastern	798,547	4.42	29,263	3.66	766,232	4.57	22,581	2.95
Head Office	843,827	4.67	10,833	1.28	830,609	4.96	11,772	1.42
Overseas	855,855	4.74	6,596	0.77	729,606	4.36	6,446	0.88
<b>Gross loans and advances excluding accrued interest</b>	<b>18,064,739</b>	<b>100.00</b>	<b>276,981</b>	<b>1.53</b>	<b>16,745,768</b>	<b>100.00</b>	<b>260,729</b>	<b>1.56</b>

The following table sets forth the distribution of the Group's deposits by geographical segment.

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	Amount	% of total	Amount	% of total
Yangtze River Delta	4,124,012	18.48	3,648,098	17.70
Pearl River Delta	3,557,540	15.94	3,213,868	15.59
Bohai Rim	4,161,840	18.65	3,875,480	18.80
Central	4,341,276	19.45	4,018,270	19.49
Western	3,970,236	17.79	3,741,594	18.15
Northeastern	1,444,711	6.47	1,389,559	6.74
Head Office	4,457	0.02	17,164	0.08
Overseas	400,307	1.79	434,595	2.11
Accrued interest	313,590	1.41	276,348	1.34
<b>Total deposits from customers</b>	<b>22,317,969</b>	<b>100.00</b>	<b>20,614,976</b>	<b>100.00</b>

## 4.3 CAPITAL MANAGEMENT

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

In the first half of 2021, the Group gave full play to the role of capital in supporting the development of various businesses, reinforced the capital-centred planning evaluation mechanism, and strived to maintain the reasonable growth and optimise the structure of total risk-weighted assets. It further implemented intensive capital management measures, and improved the efficiency of capital use. It also actively prepared for the implementation of the final set of Basel III rules across the Bank.

### 4.3.1 Capital Adequacy Ratios

#### Capital adequacy ratios

In accordance with regulatory requirements, the scope for calculating capital adequacy ratios of the Group includes the Bank's domestic and overseas branches and sub-branches, as well as financial subsidiaries (insurance companies excluded). At the end of June, under the rules during the parallel period, the Group's total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio, which had been calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*, were 16.58%, 13.80% and 13.23%, respectively, all in compliance with regulatory requirements. They decreased by 0.48, 0.42 and 0.39 percentage points, respectively, from 31 December 2020, mainly due to the rapid growth of total risk-weighted assets to support the development of the real economy and key areas, and the slowdown in accumulation of internal capital following dividend distribution.

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

(In millions of RMB, except percentages)	As at 30 June 2021		As at 31 December 2020	
	The Group	The Bank	The Group	The Bank
Common Equity Tier 1 capital after regulatory adjustments	2,334,870	2,161,273	2,261,449	2,105,934
Tier 1 capital after regulatory adjustments	2,434,940	2,240,956	2,361,517	2,191,258
Total capital after regulatory adjustments	2,926,515	2,720,541	2,832,681	2,649,639
Common Equity Tier 1 ratio (%)	13.23	13.15	13.62	13.63
Tier 1 ratio (%)	13.80	13.63	14.22	14.18
Total capital ratio (%)	16.58	16.55	17.06	17.15

## Risk-Weighted Assets

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

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

(In millions of RMB)	As at 30 June 2021	As at 31 December 2020
<b>Credit risk-weighted assets</b>	<b>16,324,338</b>	15,274,351
Covered by the internal ratings-based approach	11,351,790	10,638,946
Uncovered by the internal ratings-based approach	4,972,548	4,635,405
<b>Market risk-weighted assets</b>	<b>111,822</b>	120,039
Covered by the internal models approach	56,121	69,610
Uncovered by the internal models approach	55,701	50,429
<b>Operational risk-weighted assets</b>	<b>1,210,201</b>	1,210,201
<b>Additional risk-weighted assets due to the application of capital floors</b>	<b>-</b>	-
<b>Total risk-weighted assets</b>	<b>17,646,361</b>	16,604,591

## 4.3.2 Leverage Ratio

From the first quarter of 2015, the Group measures leverage ratio in accordance with the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)*. The leverage ratio refers to the ratio of the Tier 1 capital after regulatory adjustments to the adjusted balance of on and off-balance sheet assets. The leverage ratio of commercial banks should be no less than 4%. As at 30 June 2021, the Group's leverage ratio was 7.79%, meeting regulatory requirements.

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

(In millions of RMB, except percentages)	As at 30 June 2021	As at 31 March 2021	As at 31 December 2020	As at 30 September 2020
<b>Leverage ratio (%)</b>	<b>7.79</b>	7.92	7.99	7.78
Tier 1 capital after regulatory adjustments	2,434,940	2,442,723	2,361,517	2,312,381
On and off-balance sheet assets after adjustments	31,263,173	30,826,197	29,548,554	29,722,025

## 4.4 PROSPECTS

In the second half of 2021, the uncertain global development of the COVID-19 pandemic, the uneven world economic recovery, the intensified international political and economic games, and the growing expectation for the US Federal Reserve's monetary policy shift give rise to elevated external uncertainties. China's economy is expected to maintain a sustained stable recovery as the country has carefully coordinated the pandemic prevention and control with its economic and social development, continuously deepened supply-side structural reforms, focused on releasing the potential of domestic demand, and vigorously assisted enterprises in overcoming difficulties.

The banking industry in China will face a more complex and varied operating environment, which presents both challenges and opportunities. On the one hand, the profitability, asset quality, and capital adequacy of commercial banks will be under pressure, in light of high certainties over issues such as the evolving pandemic, rising commodity prices and volatile international financial market, the structural problems and cyclical risks in China's economic development, more complex risks in the digital economy era, and the combined effects of different types of risks. On the other hand, key areas such as infrastructure, manufacturing, inclusive finance, green credit, and consumer credit will all bring huge demands for financial services, providing substantial support for the development of banking business. Meanwhile, the rapid growth of customer flow, fund flow and information flow will also bring new opportunities for the digitalised operation and total funds expansion of the banking industry.

The Group will adhere to the task of enhancing “capabilities to serve national construction, prevent financial risks and participate in international competition” and persist in pursuing progress while ensuring stability. With a deep understanding of the new development stage, it will firmly implement its new development concept, support the fostering of a new development pattern, and further promote New Finance practices to accelerate the building of the mechanisms to create a mutually beneficial virtuous circle where the Group both supports the high-quality national economic development and achieves its own high-quality development. The Group will focus on promoting the following tasks: Firstly, it will deepen the “Three Major Strategies”, continue to improve the construction of a house rental ecosystem, steadily promote the “Big and New Inclusive Finance” programme, and continue to optimise the supporting capabilities of FinTech. Secondly, it will focus on the development of smart finance, and improve its quality and efficiency to serve the real economy. Thirdly, it will accelerate the building of its big wealth management system to further enhance the Group's comprehensive financial service capabilities. Fourthly, it will strengthen the cross-cycle asset quality management and control to ensure that key performance indicators remain balanced, coordinated, and sustainable.

## 5 OTHER INFORMATION

### 5.1 CORPORATE GOVERNANCE

The Bank is in strict compliance with the Company Law of the PRC, the Law of the PRC on Commercial Banks and other laws and regulations, as well as the listing rules of the listing venues. The Bank continued to refine its corporate governance mechanism and governance rules based on its corporate governance practices, give full play to the assessment and guiding role of corporate governance and maintain sound and good operation of corporate governance. The Bank has complied with the code provisions of the *Corporate Governance Code* and *Corporate Governance Report* as set out in Appendix 14 to Listing Rules of Hong Kong Stock Exchange. The Bank has also substantially adopted the recommended best practices therein.

### 5.2 FORMULATION AND IMPLEMENTATION OF CASH DIVIDEND POLICY

As approved by the 2020 annual general meeting, the Bank distributed the 2020 cash dividend of RMB0.326 per share (including tax), totalling RMB3,128 million approximately, on 15 July 2021 to its A-share holders whose names appeared on the register of members after the close of market on 14 July 2021; it distributed the 2020 cash dividend of RMB0.326 per share (including tax), totalling RMB78,376 million approximately, on 5 August 2021 to its H-share holders whose names appeared on the register of members after the close of market on 14 July 2021. The Bank does not declare 2021 interim dividend nor does it propose any capitalisation of capital reserve into share capital.

Pursuant to the articles of association of the Bank, the Bank may distribute dividends in the form of cash, shares or a combination of cash and shares. Unless under special circumstances, as long as it is in profit for the year and has positive accumulative undistributed profits, the Bank distributes cash dividends no less than 10% of the net profit attributable to equity shareholders of the Bank on a consolidated basis for the accounting year. For adjustments of the profit distribution policy, the Board shall hold a special discussion to verify the rationale to make the adjustments in detail and produce a written report, independent non-executive directors shall express their opinions, and a special resolution shall be submitted to the shareholders' general meeting for approval. The Bank shall provide the shareholders with online voting channels when considering the adjustments to the profit distribution policy.

The formulation and implementation of the Bank's profit distribution policy are in line with the provisions of the articles of association and the requirements of the resolution of the shareholders' general meeting. The procedures and mechanism for decision-making are sound, and the dividend criteria and payout ratio are clear and explicit. The independent non-executive directors performed their duties with due diligence in the decision-making process of the profit distribution plan. Minority shareholders can fully express their opinions and requests, with their legitimate rights and interests fully protected.

### 5.3 PURCHASE, SALE AND REDEMPTION OF SHARES

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

## 5.4 DIRECTORS AND SUPERVISORS' SECURITIES TRANSACTIONS

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

## 5.5 EVENTS AFTER THE REPORTING PERIOD

On 10 August 2021, the Bank completed the issuance of Tier 2 capital bonds amounting to RMB80 billion in the domestic market. The bonds consist of two types. The first type of the bonds is fixed rate bonds with a term of 10 years, coupon rate of 3.45% and an issue size of RMB65 billion, and the issuer is entitled to redeem such bonds at the end of the fifth year. The second type of the bonds is fixed rate bonds with a term of 15 years, coupon rate of 3.80% and an issue size of RMB15 billion, and the issuer is entitled to redeem such bonds at the end of the tenth year. Proceeds were used to replenish the Bank's Tier 2 capital.

On 22 July 2021, the Group completed the issuance of US\$600 million fixed-rate bonds maturing in 2026 with a five-year term and a coupon rate of 1.80% in the overseas market.

## 5.6 REVIEW OF HALF-YEAR REPORT

The Group's 2021 half-year financial statements prepared under PRC GAAP have been reviewed by Ernst & Young Hua Ming LLP, and the Group's 2021 half-year financial statements prepared under IFRS have been reviewed by Ernst & Young.

The Group's 2021 half-year report has been reviewed by the Audit Committee under the Board of the Bank and approved by the Board.

By order of the board of directors

**CHINA CONSTRUCTION BANK CORPORATION**

**Wang Jiang**

*Vice chairman, executive director and president*

27 August 2021

As of the date of this announcement, the executive directors of the Bank are Mr. Tian Guoli and Mr. Wang Jiang; the non-executive directors of the Bank are Mr. Xu Jiandong, Mr. Zhang Qi, Mr. Tian Bo, Mr. Xia Yang, Ms. Shao Min and Ms. Liu Fang; and the independent non-executive directors of the Bank are Sir Malcolm Christopher McCarthy, Mr. Kenneth Patrick Chung, Mr. Graeme Wheeler, Mr. Michel Madelain and Mr. William Coen.