China Construction Bank Corporation

Capital Adequacy Ratio Report 2022

中国建设银行
China Construction Bank

CONTENTS

IMPORTANT NOTICE

China Construction Bank Corporation ("the Bank" or "CCB" or "the Group") warrants the authenticity, accuracy and completeness of all contents contained and information disclosed herein.

In accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the former China Banking Regulatory Commission (the "CBRC"), the Group is required to disclose information relevant to capital adequacy ratios ("CAR") on a quarterly, semi-annual and annual basis; however, the disclosed contents might vary with disclosure frequencies. The Group is scheduled to release a detailed annual capital adequacy ratio report and quarterly highlights starting from March 2013. The *Capital Adequacy Ratio Report 2022 of China Construction Bank Corporation* (the "Report") is prepared in accordance with the definition and rules of the capital adequacy ratios promulgated by the CBRC other than Accounting Standards, thus part of the information disclosed herein cannot be directly compared with the financial information as disclosed in the *Annual Report 2022 of China Construction Bank Corporation*, especially for the disclosure of credit risk exposures.

China Construction Bank Corporation

March 2023

1 BACKGROUND

1.1 Profile

China Construction Bank Corporation, headquartered in Beijing, is a leading large-scale commercial bank in China. Its predecessor, People's Construction Bank of China, was established in October 1954. It was listed on Hong Kong Stock Exchange in October 2005 (stock code: 939) and the Shanghai Stock Exchange in September 2007 (stock code: 601939). At the end of 2022, the Bank's market capitalisation approximated US$158,541 million, ranking fourth among all listed banks in the world. The Group ranks second among global banks by Tier 1 capital.

The Bank provides customers with comprehensive financial services, including corporate finance business, personal finance business and treasury and asset management business. With 14,356 banking outlets and 352,588 staff members, the Bank serves 739 million personal customers and 9.35 million corporate customers. The Bank has subsidiaries in various sectors, including fund management, financial leasing, trust, insurance, futures, pension and investment banking, with 24,094 staff members, and has nearly 200 overseas entities covering 31 countries and regions.

1.2 Objectives

The Report is prepared in accordance with the *Capital Rules for Commercial Banks (Provisional)* issued by the CBRC, the *Circular of the China Banking Regulatory Commission on Printing and Distributing the Supporting Policy Documents for the Capital Regulation and Administration of Commercial Banks* and other relevant regulations. The Report provides relevant qualitative and quantitative information, such as the calculation scope of the capital adequacy ratios, composition of capital, risk management framework, measurement and management of credit risk, market risk, operational risk and other risks, and remuneration, helping the investors and the public fully understand the Group's capital, risk and remuneration management.

2 CAPITAL ADEQUACY RATIO

2.1 Consolidation Scope

The Group calculates the capital adequacy ratios in accordance with the *Capital Rules for Commercial Banks (Provisional)* promulgated by the CBRC in June 2012. The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and subsidiaries of the financial institution type (insurance company excluded).

2.1.1 Differences between the Regulatory and Accounting Scopes of Consolidation

According to regulatory requirements, the Group does not include industrial and commercial subsidiaries or insurance subsidiaries in the consolidated calculation scope of the capital adequacy ratios, resulting in certain differences between the regulatory and financial consolidation scopes. As at 31 December 2022, the differences between the Group's regulatory and accounting consolidation scopes are outlined in the table below.

Table 1: Differences between the regulatory and accounting scopes of consolidation

No.	Company name	Type of business	Place of incorporation	Under the accounting scope of consolidation	Under the regulatory scope of consolidation
1	CCB Life Insurance Company Limited	Insurance	Shanghai, the PRC	Yes	No

1. Except for the difference in consolidation resulting from the above subsidiary, in accordance with regulatory requirements, certain sub-subsidiaries of insurance, industrial and commercial sub-subsidiaries are also excluded from the regulatory scope of consolidation.

2.1.2 General Information of the Invested Institutions

According to regulatory requirements, the Group treats various types of investees differently while calculating the consolidated capital adequacy ratios.

- With respect to the financial institution type of subsidiaries that are included in both the regulatory and accounting scopes of consolidation, the Group includes their capital and risk-weighted assets in the calculation scope of consolidated capital adequacy ratios.
- With respect to insurance subsidiaries that are outside the regulatory scope of consolidation but within the accounting scope of consolidation, the Group deducts the investment in such subsidiaries from the capital while calculating the consolidated capital adequacy ratios.
- With respect to subsidiaries of the industrial and commercial enterprise type that are outside the regulatory scope of consolidation but within the accounting scope of consolidation, the Group calculates the risk-weighted assets for the investment in such subsidiaries based on the regulatory risk weights while calculating the consolidated capital adequacy ratios.

- With respect to other financial institutions outside both the regulatory and accounting scopes of consolidation, the Group follows the threshold deduction method for the investments in these financial institutions. The portion of the investments exceeding the threshold is deducted from the capital. For the portion not deducted from the capital, the risk-weighted assets are calculated using the regulatory risk weights.
- With respect to other industrial and commercial enterprises outside both the regulatory and accounting scopes of consolidation, the Group calculates their risk-weighted assets based on the regulatory risk weights.

Table 2: Particulars of the top 10 invested institutions within the regulatory scope of consolidation

No.	Name of the invested institutions	Equity investment balance (in millions of RMB)	% of ownership directly held by the Bank	% of ownership indirectly held by the Bank	Place of registration
1	China Construction Bank (Asia) Corporation Limited	32,878	-	100%	Hong Kong, the PRC
2	CCB Financial Asset Investment Corporation Limited	27,000	100%	-	Beijing, the PRC
3	CCB Wealth Management Corporation Limited	15,000	100%	-	Shenzhen, the PRC
4	CCB Financial Leasing Corporation Limited	11,163	100%	-	Beijing, the PRC
5	CCB Brazil Financial Holding – Investimentos e Participações Ltda.	9,542	99.99 %	0.01%	São Paulo, Brazil
6	CCB Trust Corporation Limited	7,429	67%	-	Anhui, the PRC
7	China Construction Bank (Europe) S.A.	4,406	100%	-	Luxembourg
8	CCB International (Holdings) Limited	4,320	-	100%	Hong Kong, the PRC
9	China Construction Bank (London) Limited	2,861	100%	-	London, United Kingdom
10	PT Bank China Construction Bank Indonesia Tbk	2,215	60%	-	Jakarta, Indonesia
Total		116,814			

1. The table is listed by equity investment balance in descending order.

Table 3: Particulars of the top 10 invested institutions subject to deduction treatment

No.	Name of the invested institutions	Equity investment balance (in millions of RMB)	% of ownership directly held by the Bank	Place of registration	Industry
1	CCB Life Insurance Company Limited[2]	6,962	51%	Shanghai, the PRC	Insurance
Total		6,962			

1. Invested institutions subject to deduction treatments refer to capital investment which shall be fully deducted or meet the threshold deductions while calculating the eligible capitals.
2. The insurance sub-subsidiaries of the Group's affiliates are also deducted.

2.2 Capital Adequacy Ratio

As at 31 December 2022, given the rules for the parallel-running 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 18.42%, 14.40%, and 13.69%, respectively, all in compliance with regulatory requirements. The total capital ratio, Tier 1 ratio and Common Equity Tier 1 ratio increased by 0.57, 0.26, and 0.10 percentage points, respectively, compared to those as at 31 December 2021.

In 2022, the Bank further improved its capital adequacy, providing strong support for business development across the bank. By maintaining stable profitability and issuing an appropriate amount of capital instruments, the Bank achieved a sound growth in net capital with a relatively stable capital structure, a steady growth in risk-weighted assets, and a rapid growth in core assets such as credit supply and bond investments. The efficiency of capital use was further improved as the Bank continuously pressed ahead with intensive and refined management and explored the potential of capital saving.

Table 4: Capital adequacy ratios

(In millions of RMB, except percentages)	As at 31 December 2022		As at 31 December 2021	
	The Group	The Bank	The Group	The Bank
Common Equity Tier 1 capital after regulatory adjustments	**2,706,459**	**2,529,274**	2,475,462	2,309,534
Tier 1 capital after regulatory adjustments	**2,846,533**	**2,655,737**	2,575,528	2,389,615
Total capital after regulatory adjustments	**3,640,438**	**3,434,205**	3,252,282	3,059,048
Common Equity Tier 1 ratio	**13.69%**	**13.67%**	13.59%	13.61%
Tier 1 ratio	**14.40%**	**14.35%**	14.14%	14.09%
Capital adequacy ratios	**18.42%**	**18.56%**	17.85%	18.03%

2.3 Regulatory Capital Shortfall of Consolidated Subsidiaries

Financial institutions, of which the Bank holds majority of the equity or owns the control rights, had no regulatory capital shortfall in accordance with the *Capital Rules for Commercial Banks (Provisional)* and supporting policies issued by the CBRC or local regulatory requirements.

2.4 Restrictions on Intragroup Transfer of Capital

In 2022, none of the Group's overseas subsidiaries experienced significant restrictions on transfer of capital such as capital increase, mergers & acquisitions or payment of dividends.

3 CAPITAL MANAGEMENT

3.1 Approaches and Procedures of Internal Capital Adequacy Assessment

The Bank's internal capital adequacy assessment procedure includes governance framework, risk identification and assessment, stress testing, capital assessment, capital planning and emergency management. Based on the comprehensive consideration and evaluation of major risks faced by the Bank, the Bank leverages between capital and risk, establishes a management system considering both risk and capital and ensures that the capital level is adapted to the risk statues under various market environments. The Bank conducts internal capital adequacy assessment annually and continuously promotes the optimisation of methodology. The Bank has established relatively standardised governance framework, thorough policy system, complete evaluation process, periodic monitoring and reporting mechanism and internal audit system. Currently, the Bank maintains an adequate risk and capital governance structure, with clearly defined processes and procedures, enabling it to effectively manage various risks, properly align its capital capability with its operations, risk shifts and movements as well as long-term development strategy, and with all risk exposures well covered, to sustain its business development.

3.2 Capital Planning and Capital Adequacy Ratio Management Plan

In accordance with the *Capital Rules for Commercial Banks (Provisional)*, the Bank formulated the *China Construction Bank Capital Planning 2021-2023*, which was approved by the Board of Directors and the shareholders' general meeting. The Bank adheres to the new development philosophy, focuses on internal capital accumulation and external capital replenishment, and actively seizes opportunities to issue capital instruments to achieve high-quality development in terms of serving the real economy, lean management, intensive capital management, effective risk control, and regulatory compliance. The Bank gives priority to enhancing capital strength by improving profit retention, maintaining a reasonable asset growth rate, optimising asset structure, and strengthening refined management, and constantly enhanced the inherent impetus and core competitiveness of development. The Bank uses market-based financing methods where appropriate, issued various types of capital instruments in multiple markets, and conduct appropriate external capital replenishment, to ensure adequate capital level and high capital quality.

Within its capital planning framework, the Bank sets its annual CAR targets to effectively align the capital plan with its business plan and financial plan. The Bank gives full play to the guiding and constraining role of capital, continuously improves capital planning and assessment mechanisms across the group, deeply promotes intensive operation and refined management of capital, and regularly conducts dynamic monitoring, analysis and reporting on CAR to ensure that CARs at all levels are in full compliance with regulatory requirements and meet business development needs.

3.3 Overview of Capital Composition

3.3.1 Composition of Capital

The following table shows the information related to the Group's composition of capital.

Table 5: Composition of capital

(In millions of RMB)	As at 31 December 2022	As at 31 December 2021
Common Equity Tier 1 capital		
Qualifying common share capital	**250,011**	250,011
Capital reserves	**134,965**	134,237
Surplus reserve	**337,527**	305,571
General reserve	**444,428**	381,282
Undistributed profits	**1,528,356**	1,392,515
Non-controlling interest given recognition in Common Equity Tier 1 capital	**3,867**	4,027
Others[1]	**21,745**	21,934
Regulatory adjustments for Common Equity Tier 1 capital		
Goodwill[2]	**2,062**	1,947
Other intangible assets (excluding land use right)[2]	**5,578**	5,137
Cash-flow hedge reserve from items that are not measured at fair value	**(170)**	61
Investments in common equity of financial institutions being controlled but outside the scope of consolidation	**6,970**	6,970
Additional Tier 1 Capital		
Directly issued qualifying additional Tier 1 instruments including related premium	**139,968**	99,968
Non-controlling interest given recognition in Additional Tier 1 capital	**106**	98
Tier 2 Capital		
Directly issued qualifying Tier 2 instruments including related premium	**453,197**	353,341
Provisions in Tier 2	**340,537**	323,254
Non-controlling interest given recognition in Tier 2 capital	**171**	159
Common Equity Tier 1 capital after regulatory adjustments[3]	**2,706,459**	**2,475,462**
Tier 1 capital after regulatory adjustments[3]	**2,846,533**	**2,575,528**
Total capital after regulatory adjustments[3]	**3,640,438**	**3,252,282**

1. "Others" include other comprehensive income at the end of the reporting period.
2. Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.
3. Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after regulatory adjustments is calculated by netting off the corresponding deduction items from the total capital.

3.3.2 Thresholds for Deduction and Caps on the Inclusion of Provisions

As at 31 December 2022, neither the Group's capital investments in financial institutions outside the regulatory scope of consolidation, nor other net deferred tax assets that rely on the Bank's future profitability exceeded the thresholds; therefore, both were not required to be deducted from the corresponding capital. The following table shows relevant information of thresholds for deduction.

Table 6: Thresholds for deduction

(In millions of RMB)	As at 31 December 2022			
Items applicable to threshold deduction approach	**Amount**	**Capital deduction threshold**		**Amount below thresholds for deduction**
		Item	**Amount**	
Non-significant investments in the capitals of financial institutions outside the regulatory scope of consolidation	**142,336**	**10% of Common Equity Tier 1 capital after regulatory adjustments**[1]	**270,646**	**128,310**
Common equity tier 1 capital	**8,580**			
Additional Tier 1 Capital	**-**			
Tier 2 Capital	**133,756**			
Significant investments in the Common Equity Tier 1 capital of financial institutions outside the regulatory scope of consolidation	**311**	**10% of Common Equity Tier 1 capital after regulatory adjustments**[2]	**270,646**	**270,335**
Other deferred tax assets that rely on the Bank's future profitability (net of related tax liability)	**112,716**		**270,646**	**157,930**
Amounts of significant investments in the Common Equity Tier 1 capital of financial institutions outside the regulatory scope of consolidation and other deferred tax assets that rely on the Bank's future profitability below the above thresholds for deduction	**113,027**	**15% of Common Equity Tier 1 capital after regulatory adjustments**[3]	**405,969**	**292,942**

1. Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the full deduction items from the Common Equity Tier 1 capital.
2. Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the full deduction items and the amounts exceeding the 10% recognition cap of the non-significant investments in financial institutions outside the regulatory scope of consolidation in Common Equity Tier 1.
3. Common Equity Tier 1 capital after regulatory adjustments is calculated by netting off the full deduction items and the amounts exceeding the 10% recognition caps of the non-significant and significant investments in the common equity Tier 1 of financial institutions outside the regulatory scope of consolidation and other deferred tax assets relying on the Bank's future profitability.

Table 7: Caps on the inclusion of provisions in Tier 2 capital

(In millions of RMB)		As at 31 December 2022
Measurement approach	**Item**	**Balance**
Uncovered by IRB approach	Excess of provisions	**94,823**
	Caps on the inclusion of provisions in Tier 2 capital	**71,351**
	Amount below the caps if not reach the caps	**-**
	Provisions eligible for inclusion in Tier 2 capital	**71,351**
Covered by IRB approach	Excess of provisions	**341,982**
	Caps on the inclusion of provisions in Tier 2 capital	**269,186**
	Amount below the caps if not reach the caps	**-**
	Provisions eligible for inclusion in Tier 2 capital	**269,186**

3.3.3 Changes in Qualifying Common Share Capital

During the reporting period, the Group experienced no change in qualifying common share capital, and separation or consolidation event.

3.3.4 Significant Capital Investments

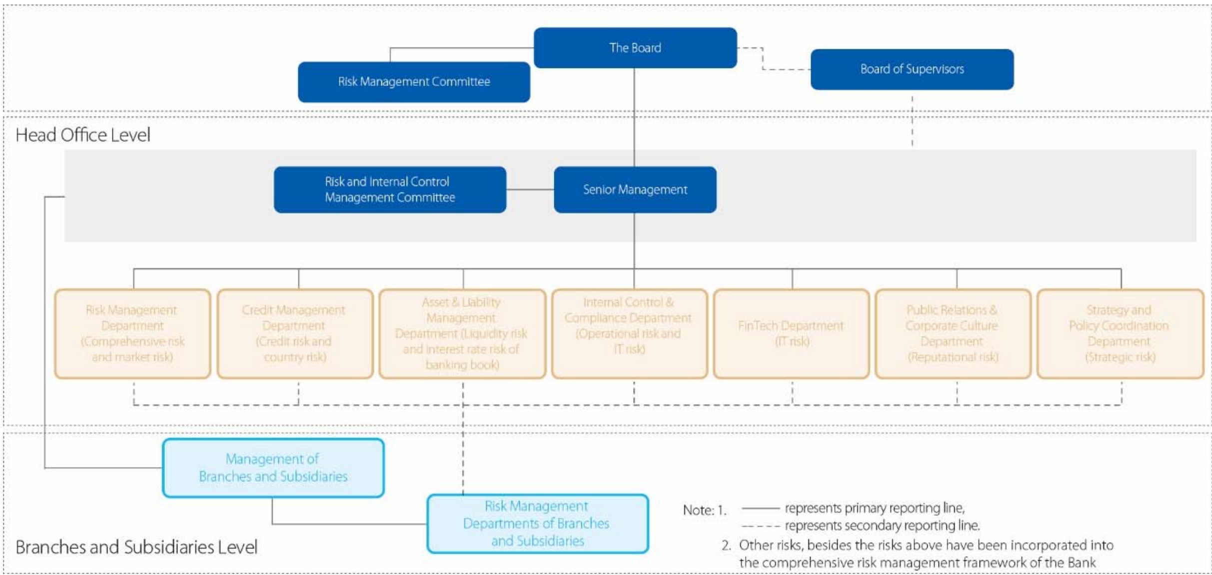
In October 2022, upon review by the Board and approval by the CBIRC, CCB House Rental Fund (Limited Partnership), initiated by the Bank, completed registration with the market supervision and management authorities and obtained business license, and completed the filing with the Asset Management Association of China (AMAC) according to relevant laws and regulations. The fund will raise a total of RMB30 billion, including RMB29,999 million from the Bank. As at 31 December 2022, the Bank had invested RMB5 billion into the fund. Please refer to announcements published by the Bank on 23 September 2022 and 25 October 2022 for details.

On 23 September 2022, the Bank received the CBIRC's approval with respect to the establishment of CCB Consumer Finance Co., Ltd. The preparation team of CCB Consumer Finance is advancing the preparatory work in accordance with regulatory requirements.

4 RISK MANAGEMENT

4.1 Risk Management Framework

The Bank's risk management organisational structure comprises the Board and its special committees, senior management and its special committees, and risk management departments. The basic structure is as follows:



The Board fulfils its risk management responsibilities pursuant to the Articles of Association of the Bank and related regulatory requirements. The risk management committee under the Board is responsible for developing risk management strategies, supervising their implementation, and assessing the overall risk profile on a regular basis. The Board reviews the statements of risk appetite regularly and circulate risk appetite through relevant policies. The board of supervisors supervises the construction of the comprehensive risk management system, as well as the performance of the Board and senior management in delivering their comprehensive risk management responsibilities. Senior management is responsible for implementing risk strategies developed by the Board and organising the implementation of comprehensive risk management work across the group.

Chief Risk Officer of the Bank assists the President with the corresponding risk management work within designated responsibilities. Risk management department is the leading management department responsible for the Group's comprehensive risk management and takes the lead in market risk management. Credit management department is the leading management department responsible for the overall credit risk management and country risk management. Asset & liability management department is the leading management department responsible for the management of liquidity risk and interest rate risk of banking book. Internal control & compliance department is the leading management department responsible for operational risk, and share the responsibility of the second defence line on information technology risk management with Fintech Department. Public relations & corporate culture department is in charge of reputational risk management. Strategy and policy coordination department is the leading management department responsible for strategic risk management. Other specialised departments are responsible for managing other respective risks.

The Bank attaches great importance to the risk management of subsidiaries. It strengthens the integrated risk management of the Group, enhances the joint prevention and control of risks of parent company and subsidiaries, and improves the efficiency of risk early warning and decision-making of parent company and subsidiaries. It scientifically sets quantitative indicators of subsidiaries' risk appetite, clarified various risk management objectives of subsidiaries, improved the subsidiary-specific risk control mechanism, improves the "three lines of defense" mechanism of subsidiaries' risk management, strengthens process management, guides subsidiaries to take the initiative to manage risks, and ensures high-quality development. At the same time, it upgrades the risk reporting mechanism and reporting route of subsidiaries, carries out risk profile of subsidiaries, continues to implement unified credit management, optimises the consolidated credit management mechanism, performs risk diagnosis for key subsidiaries, urges subsidiaries to improve the risk management system and mechanism, and consolidates the bottom line of subsidiaries' risk compliance.

4.2 Risk-Weighted Assets

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

Table 8: Risk-weighted assets

(In millions of RMB)	As at 31 December 2022	As at 31 December 2021
Credit risk-weighted assets	**18,293,631**	**16,834,493**
Covered by the IRB approach	**12,514,218**	11,587,106
Uncovered by the IRB approach	**5,779,413**	5,247,387
Market risk-weighted assets	**115,816**	**90,057**
Covered by the internal model approach	**72,327**	55,249
Uncovered by the internal model approach	**43,489**	34,808
Operational risk-weighted assets	**1,358,387**	**1,291,343**
Additional risk-weighted assets due to the application of capital floor	**-**	**-**
Total	**19,767,834**	**18,215,893**

5 CREDIT RISK

5.1 Credit Risk Management

Credit risk refers to potential losses that may arise from the failure of a debtor or counterparty to meet its obligations or commitments to the Bank.

The objective of the Bank's credit risk management is to establish credit risk management processes that are consistent with the nature, size, and complexity of businesses and capable of effectively identifying, measuring, controlling, monitoring, and reporting credit risk, keeping credit risk within the limits of the Bank's tolerance, and realising the maximisation of risk-adjusted revenue.

The Bank develops management policies for credit risk based on development strategies and risk appetites, including:

- **Industry policies:** strictly implement macroeconomic and industry policies, comply with national trend of economic structural adjustment, keep pace with implementation of major national strategies, support traditional industry upgrading and enterprise technological innovation, comprehensively promote green financial services and initiatives, guide the whole bank to proactively adjust industry structure, optimise and improve industry policies and credit arrangements through refining industry classification management, and effectively guard against systemic risk and concentration risk of industry.
- **Customer policies:** based on national industry policies, the Bank's risk appetites, as well as distinctive risk characteristics of industry customers, specify the eligibility thresholds and classification standards for customers from different industries and enhance customer selection; adopt differentiated credit policy arrangements for financial service needs of different customer bases to improve comprehensive service capabilities.
- **Regional policies:** according to the overall regional development strategy, the development strategy of important regions and the economic characteristics of various regions, and fully considering the resource availability, market environment, market potentials and management foundation of regions where branches are located, specify regional differentiated policies on key industries.

The Bank's credit risk management process comprises a series of comprehensive and timely risk management activities, such as risk identification, risk measurement, risk monitoring, risk mitigation and control and risk report, capable of implementing the specified risk appetites and strategic targets, and effectively maintaining the sound operation and sustainable development of the Bank. This process is aligned with the risk management culture of the Bank.

- **Risk identification:** identify the credit risk in the products and businesses and give attentions to the relevance between the credit risk and other risks to prevent other risks from resulting in credit risk loss events.
- **Risk measurement:** measure and assess the credit risk on an individual or collective basis. The measurement and assessment of credit risk on an individual basis applies to borrowers or transaction counterparties as well as specific loans or transactions; and the measurement and assessment of credit risk on a collective basis applies to the Bank's entities at all levels, countries, regions, and industries, etc.

- **Risk monitoring:** monitor credit risk of individual debtors or counterparties; and oversee the investment portfolio on an overall basis to prevent the excessive risk concentration on country, industry, region, product, and other dimensions.
- **Risk mitigation & control:** comprehensively balance the costs and returns, finalise corresponding risk control strategies and mitigation strategies targeting at different risk characteristics, and adopt measures, such as risk avoidance, risk diversification, risk hedging, risk transfer, risk compensation and risk mitigation, to effectively mitigate the Bank's credit risk exposures.
- **Risk report:** standardise the reporting scope, process, and frequency that a credit risk report should comply with based on *China Construction Bank Administrative Measures for Risk Reports* and prepare credit risk reports at various levels and of various types, to meet the needs of different risk levels and functional departments for understanding credit risk conditions.

In 2022, against the backdrop of exceptionally complex and challenging internal and external environments, the Group focused on serving the real economy with New Finance concepts, prevented and resolved financial risks to assist high-quality development, further enhanced the capability of risk governance, optimised and adjusted credit structure and continued to build a comprehensive, proactive and intelligent risk prevention, monitoring and management system. It held the risk bottom line and proactively and effectively responded to risks and challenges in key areas to achieve a balanced, coordinated, and sustainable set of core indicators of asset quality.

5.2 Credit Risk Exposure

5.2.1 Overview of Credit Risk Exposure

The following table shows the information related to the credit risk exposures of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

Table 9: Credit risk exposure

(In millions of RMB)	As at 31 December 2022		As at 31 December 2021	
	Covered by the IRB approach	Uncovered by the IRB approach[1]	Covered by the IRB approach	Uncovered by the IRB approach[1]
On and off-balance sheet credit risk exposures	**21,626,107**	**15,727,202**	**18,771,704**	**13,936,555**
Corporate exposure	10,759,719	1,695,903	9,471,718	2,278,393
Sovereign exposure	-	7,021,162	-	6,184,781
Financial institution exposure	3,118,181	1,190,313	1,646,399	985,016
Retail exposure	7,748,207	1,988,650	7,653,587	1,005,403
Equity exposure	-	167,399	-	160,434
Securitisation exposure	-	101,201	-	103,855
Other exposures	-	3,562,574	-	3,218,673
Counterparty credit risk exposure	-	152,253	**-**	**128,426**
Total	21,626,107	15,879,455	**18,771,704**	**14,064,981**

1. Due to categorisation under the IRB approach, the credit risk exposures uncovered by the IRB approach are exposures before impairments. The data here is not comparable to risk exposure data in table 12, table 17 and table 19.

5.2.2 Overdue and Non-Performing Loans

Overdue loans

Overdue loans represent loans of which the whole or part of the principal or interest are overdue by one or more days. As at the end of 2022, the Group's overdue loans (within the accounting scope of consolidation) were RMB219,139 million, an increase of RMB42,678 million as compared to the beginning of the year.

Non-performing loans ("NPLs")

The Group adopts a loan risk classification approach to monitor the loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their risk level. Substandard, doubtful and loss loans are considered as NPLs and advances.

In 2022, the Group solidly promoted the New Finance initiatives, continued to optimise its credit structure and strengthened refined management of the whole credit process and see-through management of credit risks. The quality of credit assets remained stable. As at the end of 2022, the Group's NPLs (within the accounting scope of consolidation) were RMB292,825 million, an increase of RMB26,754 million as compared to the beginning of the year.

5.2.3 Allowances for Impaired Loans

At the balance sheet date, the Group, adopting the expected credit loss approach, accounts for impairments and accrues impairment allowances for debt instrument investments, including financial assets measured at amortised cost and those at fair value through other comprehensive income, as well as loan commitments and financial guarantee contracts.

Expected credit losses are the weighted average of the credit losses of financial instruments using risks of default as weights. Credit loss refers to the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, i.e., the present value of all cash shortfalls. Financial assets that are purchased by or originated from the Group and have been credit-impaired are discounted using the credit-adjusted effective interest rates of the financial assets.

The Group measures expected credit losses of a financial instrument in a way that reflects: (i) an unbiased probability-weighted average amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and reliable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

At each balance sheet date, the Group assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and measures the expected credit losses, makes allowances for impairment losses and determines their movements as follows: (i) if the credit risk of the financial instruments has not increased significantly since initial recognition, the Group makes allowances for impairment losses at the amount equivalent to the expected credit losses of the financial instrument in the next 12 months; otherwise, (ii) the Group makes allowances for impairment losses based on the lifetime expected credit losses of the financial instrument. Either way, whether or not the Group's assessment of credit losses is based on a single financial instrument or a group of financial instruments, the increase in or reversal of the allowances for impairment losses resulting therefrom are recognised in profit or loss for the current period as impairment losses or gains.

For debt instrument investments measured at fair value through other comprehensive income, the Group makes allowances for impairment losses in other comprehensive income and recognises the impairment losses or gains in profit or loss for the current period, but does not decrease the carrying amount of the financial assets presented in the balance sheet.

If a financial asset, for which loss allowance has been measured at an amount equal to its lifetime expected credit loss in the previous accounting period, no longer qualifies as one whose credit risk has increased significantly since initial recognition at the balance sheet date of the current period, the Group makes allowances for its impairment loss at an amount equal to its 12-month expected credit loss. Any subsequent reversal of loss allowance is recognised in profit or loss for the current period.

For credit-impaired financial assets that are purchased by or originated from the Group, the Group recognises loss allowances at the balance sheet date at amounts equal to the cumulative changes in their lifetime expected credit losses since initial recognition. At each balance sheet date, the Group recognises the amounts of the changes in their lifetime expected credit losses in profit or loss for the current period as impairment losses or gains.

The Group always adhered to the prudent principle by fully considering the impact of changes in the external environment including macro economy and government control policies on credit asset quality and made full allowances for impairment losses on loans and advances to customers. As at the end of 2022, the Group's allowances for impairment losses on loans (within the accounting scope of consolidation) were RMB707,251 million, an increase of RMB68,797 million over the beginning of the year.

5.3 Credit Risk Measurement

5.3.1 Internal Ratings-Based Approach

The CBRC carried out pre-evaluations, on-site inspections and acceptance reviews of the Group's internal ratings-based approach implementation from 2010 to 2012 and approved the Group's adoption of the IRB approach in April 2014. In April 2020, the Group was given official approval to expand the implementation scope of the advanced capital management method. The CBIRC considered that the Group had established a relatively complete internal rating management structure, and its policies covered risk identification, risk measurement, risk mitigation, model verification, internal audit, capital management, etc. With a standardised rating process, the Group's model development methodology and parameter estimations were basically in compliance with the regulatory requirements. With the establishment of data quality control system and continuously intensified control of data inputting system, the Group steadily improved its data quality, and set up a relatively comprehensive IT system to support modelling. Internal ratings-based results were thoroughly applied to risk management policy making, credit approval, credit limit monitoring, reporting, economic capital, risk-adjusted return on capital ("RAROC"), etc., and used as an important reference and source of risk appetite and performance assessment.

Governance structure

The Group defines clear roles for implementation and governance structure of internal rating systems to ensure effective implementation and complete development of internal rating systems under the structure of comprehensive risk management. Risk Management Committee of the Board of Directors is responsible for overall management of internal rating systems to monitor and ensure that the senior management develops and carries out necessary internal rating policies and procedures. The senior management is responsible for overall execution of the internal rating system management. Risk Management Department is responsible for overall structure design of internal rating systems, organising development, selection and promotion of internal rating models, monitoring and continuously optimising the models, and takes the lead in formulating related regulations on internal rating systems. Credit Management Department participates in the construction and implementation of internal rating systems and oversees internal rating approval. Business Management Department participates in the establishment of internal rating systems and oversees initiating internal rating. Audit Department oversees auditing internal rating systems and risk parameter estimation. Data Management Department is responsible for the establishment of data governance mechanism for internal rating systems to ensure data accuracy and appropriateness of internal rating IT systems. Fintech Department oversees the establishment of internal rating IT systems to support effective operation of internal rating systems and risk quantification.

Internal rating systems

The Group has established internal rating system basically covering all non-retail customers in China and abroad. Based on the features of different customers within the scope of non-retail exposures, the Group established refined rating models which are suitable for large and medium sized corporate customers, small corporate customers, public institution customers, specialised lending customers, and financial institution customers, etc. to measure customers' probability of default ("PD"). Meanwhile, the Group has established a sophisticated measurement system for retail credit risks, which covers the whole life cycles of three types of retail exposures, including retail customer admission, credit approval and business management, and is able to measure the future risk status of retail customers as well as individual loans.

Definitions of key risk parameters

The definitions of key risk parameters such as probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") are in accordance with those in the *Capital Rules for Commercial Banks (Provisional)*. PD refers to the default possibility of a debtor/an individual loan in the coming year. LGD refers to the ratio of loss amount due to default to exposure at default, i.e., the percentage of loss to total exposure. The LGD is measured based on economic losses, both direct and indirect, considering time value of recovered amount. EAD refers to the total exposures expected on and off-balance sheet at default of a debtor, including used credit balance, overdue interest, expected withdrawal of unused credit limit and possible expenses.

Application of internal ratings

As the basis of the Group's management and control over customers' credit risks, credit ratings for customers play an important role in improving the Group's refined management capabilities through its application in credit policies conduction, customer selection, credit approval guidance, determination and adjustment of customers' credit limits, setting industrial lending risk limits, product pricing, 12-category classification of credit asset risks, loss provision, risk warning, economic capital allocation, performance assessment, etc.

The following table shows the non-retail exposures and retail exposures under the IRB approach of the Group.

Table 10: Non-retail exposures under the IRB approach

(In millions of RMB)					As at 31 December 2022
PD grade	**EAD**	**Average PD**	**Weighted average LGD**	**Risk-Weighted Assets**	**Average risk weight**
Grade 1	542,101	0.04%	46.43%	119,760	22.09%
Grade 2	1,702,909	0.14%	40.50%	686,628	40.32%
Grade 3	1,111,992	0.19%	40.39%	517,308	46.52%
Grade 4	648,675	0.25%	36.73%	296,870	45.77%
Grade 5	1,578,669	0.59%	42.29%	1,121,059	71.01%
Grade 6	2,048,034	0.70%	41.03%	1,485,234	72.52%
Grade 7	1,979,306	0.93%	42.90%	1,628,021	82.25%
Grade 8	2,075,587	1.23%	43.17%	1,875,004	90.34%
Grade 9	798,139	1.63%	41.34%	732,751	91.81%
Grade 10	787,828	2.15%	42.06%	776,940	98.62%
Grade 11	196,905	2.85%	38.65%	183,060	92.97%
Grade 12	85,201	4.29%	37.54%	86,787	101.86%
Grade 13	49,235	5.69%	34.68%	51,165	103.92%
Grade 14	27,873	7.49%	35.22%	29,284	105.06%
Grade 15	32,404	12.99%	35.94%	48,800	150.60%
Grade 16	17,723	22.99%	25.60%	24,414	137.75%
Grade 17	8,853	41.99%	30.75%	14,153	159.88%
Grade 18	5,466	99.99%	29.83%	2	0.04%
Grade 19	181,000	100.00%	43.13%	51,927	28.69%
Total	13,877,900			9,729,167	

Table 11: Retail exposures under the IRB approach

(In millions of RMB)					As at 31 December 2022
Category of retail exposures	**EAD**	**Average PD**	**Weighted average LGD**	**Risk-Weighted Assets**	**Average risk weight**
Individual residential mortgage	6,495,939	1.41%	24.32%	1,621,314	24.96%
Qualified revolving retail	1,027,109	2.52%	48.35%	164,563	16.02%
Other retails	225,159	4.25%	40.93%	104,701	46.50%
Total	7,748,207			1,890,578	

5.3.2 Regulatory Weighting Approach

In terms of exposures not covered by the IRB approach, the Group determines related applicable risk weights and calculates credit risk-weighted assets in accordance with regulations related to regulatory weighting approach in the *Capital Rules for Commercial Banks (Provisional)*. The following table shows the information related to exposures covered by regulatory weighting approach broken down by entities and weights as at 31 December 2022.

Table 12: Credit risk exposure covered by regulatory weighting approach by portfolio

(In millions of RMB)	As at 31 December 2022		As at 31 December 2021	
	Exposure	Exposure after mitigation	Exposure	Exposure after mitigation
On-balance sheet credit risk exposures	**15,274,482**	**14,677,074**	**13,557,419**	**13,144,947**
Cash and cash equivalents	**2,995,553**	**2,995,553**	2,643,436	2,643,436
Claims on central governments and central banks	**1,986,655**	**1,986,655**	1,815,998	1,815,998
Claims on public sector entities	**5,013,768**	**5,013,768**	4,353,719	4,353,719
Claims on domestic financial institutions	**892,993**	**430,547**	837,510	597,237
Claims on financial institutions registered in other countries/regions	**103,557**	**99,835**	63,939	60,856
Claims on ordinary enterprises and public institutions	**535,691**	**416,997**	678,145	524,963
Claims on qualified micro and small enterprises	**1,589,802**	**1,579,357**	1,326,973	1,315,029
Claims on individual customers	**1,211,155**	**1,209,054**	970,895	966,905
Equity investments	**167,377**	**167,377**	160,413	160,413
Securitisation	**96,863**	**96,863**	99,683	99,683
Other on-balance sheet items	**681,068**	**681,068**	606,708	606,708
Off-balance sheet credit risk exposures	**261,067**	**206,408**	**234,586**	**220,398**
Counterparty credit risk exposure	**152,253**	**142,778**	**128,426**	**119,228**
Total	**15,687,802**	**15,026,260**	**13,920,431**	**13,484,573**

Table 13: Credit risk exposure covered by regulatory weighting approach by risk weight

(In millions of RMB)	As at 31 December 2022		As at 31 December 2021	
Risk weights	**Exposure**	**Exposure after mitigation**	**Exposure**	**Exposure after mitigation**
0%	**5,214,675**	**5,214,430**	4,861,223	4,861,223
2%	**33,088**	**33,088**	28,029	28,029
20%	**5,163,777**	**5,156,907**	4,450,098	4,449,801
25%	**358,332**	**349,143**	252,634	242,384
50%	**89,707**	**89,707**	88,697	88,697
75%	**2,755,415**	**2,741,758**	2,262,845	2,245,841
100%	**1,697,561**	**1,065,980**	1,628,688	1,220,381
150%	**1,825**	**1,825**	-	-
250%	**130,407**	**130,407**	103,312	103,312
400%	**118,299**	**118,299**	126,304	126,304
1250%	**124,716**	**124,716**	118,601	118,601
Total	**15,687,802**	**15,026,260**	**13,920,431**	**13,484,573**

Table 14: Credit risk exposure of investments in capital instruments issued by other commercial banks, investments in equity of industrial and commercial enterprises, and non-self-use real estate

(In millions of RMB)	As at 31 December 2022	As at 31 December 2021
	Exposure	Exposure
Investments in capital instruments issued by other commercial banks	112,225	112,128
Common Equity Tier 1 Capital	2,804	3,036
Additional Tier 1 Capital	-	-
Tier 2 Capital	109,421	109,092
Investments in equity of industrial and commercial enterprises	158,485	152,346
Non-self-use real estate	663	721

5.3.3 Risk Mitigation Management

Management policies and processes

In accordance with the requirements under the *Capital Rules for Commercial Banks (Provisional)* and through the active formulation and improvement of relevant policies and systems, the Bank has developed a completed and integral policy system and defined the baselines for risk mitigation management. It specifies the Bank's basic management requirements and policy baselines for standardising the collaterals, such as requirements for eligible collaterals, classification, pledge and mortgage rate, receipt and examination, value assessment, establishment and modification of rights, warrant management, monitoring, return and disposal, information input and data maintenance.

The risk mitigation system sets the collateral management processes as the main line, mainly covering pre-lending collateral due diligence, pre-lending collateral compliance review, collateral valuation management, collateral approval during lending, establishment of rights during lending, post-lending rights custody, post-pledging management, and post-lending collateral disposal, substantially realising collateral management throughout process. Specifically, the Credit Management Department is responsible for compliance review of collateral for corporate credit business within its authority, collateral valuation management, review of the establishment of rights, and review of the change (termination) of collaterals in post-pledging management. Relevant business departments discharge their corresponding responsibilities in accordance with the principle of subordination of collateral management during the pre-lending, lending, and post-lending stages.

Major collateral types

In terms of the categories of collaterals, the collaterals accepted by the Bank are mainly classified into four types, namely financial collaterals, receivables, commercial and residential properties, and other collaterals. Financial collaterals include cash and cash equivalents, precious metals, debt securities, discounted bills, stocks/funds, insurance policy, etc.; receivables include receivables held for trading, road tolling rights, rent receivables, etc.; commercial and residential properties include commercial properties, residential properties, commercial and residential land use rights, etc.; while other collaterals comprise current assets, resources, construction in progress, mining rights, intellectual property right and forest ownership, etc.

Collateral valuation policies and processes

With respect to the valuation method of collaterals, the Bank adopts the approach of external valuations in a combination of internal valuations. The Bank should review the compliance of operation procedures and the results of valuations upon the completion of both internal and external valuations. External valuations are mostly adopted for collaterals' initial valuation, and professional appraisal institutions will be entrusted to assess the values of collaterals during the disposal phase. The Bank clearly defines access standards for appraisal institutions, establishes their assessment and exit mechanism, and performs regular and dynamic name list management through regular and ad-hoc checking of the external appraisal institutions. As per the regulations, the valuation results from the external appraisal institutions are subject to the Bank's internal examination.

The Bank require that dynamic re-valuations and monitoring of the collaterals should be performed with varied frequencies based on collaterals' categories and value fluctuation characteristics. The post-lending examination and risk classification should be carried out at least on a quarterly basis to examine and verify the collaterals. In case of any change in collaterals' forms or any deterioration in collaterals' market prices or other adverse circumstances, re-valuations are required to be duly performed to reflect collaterals' fair values.

Guarantors

According to the characteristics of guarantors, the Bank classifies the acceptable guarantors into general corporate and institutions, professional guarantee companies, and natural persons. The professional guarantee company refers to a limited liability company or an incorporated company legally established and engaged in financing guarantee businesses. The natural person guarantors refer to those having full capacity for civil conduct and certain debt repaying capacity as a guarantor. Natural persons are only considered as supplementary guarantors unless they are exclusively designated as the only guarantors by specific business rules.

Regulatory measurement

When measuring credit risk-weighted assets covered by the IRB approach, the Group finalises eligible collaterals and qualified guarantee strictly pursuant to risk mitigation management requirements of the IRB approach in the *Capital Rules for Commercial Banks (Provisional)*. Two types of risk mitigation instruments, namely, netting arrangement and credit derivatives, have not currently been applied to certain credit risk exposures of the Group covered by the IRB approach.

The following table shows the information related to credit risk mitigation covered by the FIRB approach.

Table 15: Credit risk mitigation for exposures covered by the FIRB approach

(In millions of RMB)	As at 31 December 2022			As at 31 December 2021		
Exposure category	**Exposures covered by financial collaterals**	**Exposures covered by other eligible collaterals**	**Exposures covered by guarantees**	**Exposures covered by financial collaterals**	**Exposures covered by other eligible collaterals**	**Exposures covered by guarantees**
Corporate exposures	**456,022**	**660,467**	**1,234,560**	315,835	659,239	1,193,468
Financial institutions exposures	**546,991**	**-**	**22,944**	290,904	2,311	21,174
Total	**1,003,013**	**660,467**	**1,257,504**	**606,739**	**661,550**	**1,214,642**

When calculating credit risk-weighted assets covered by the regulatory weighting approach, the Group considers only risk mitigation by eligible collaterals and guarantors, as permitted under the regulatory weighting approach of the *Capital Rules for Commercial Banks (Provisional)*. The following table shows the information related to the risk mitigation distribution of credit risk exposures covered by the regulatory weighting approach.

Table 16: Credit risk mitigation for exposures covered by the regulatory weighting approach

	As at 31 December 2022						
(In millions of RMB)	Cash and cash equivalents	The Chinese Central Government, the PBOC, Chinese policy banks	Domestic public sector entities	Domestic commercial banks	Central governments and central banks of other countries and regions	Commercial banks and public sector entities registered in other countries and regions	MDBs, Bank for International Settlements and IMF
On-balance sheet credit risk exposures	**120,253**	**444,753**	**-**	**29,971**	**2,431**	**-**	**-**
Off-balance sheet credit risk exposures	**54,552**	**6**	**-**	**101**	**-**	**-**	**-**
Counterparty credit risk	**9,475**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**184,280**	**444,759**	**-**	**30,072**	**2,431**	**-**	**-**

	As at 31 December 2021						
(In millions of RMB)	Cash and cash equivalents	The Chinese Central Government, the PBOC, Chinese policy banks	Domestic public sector entities	Domestic commercial banks	Central governments and central banks of other countries and regions	Commercial banks and public sector entities registered in other countries and regions	MDBs, Bank for International Settlements and IMF
On-balance sheet credit risk exposures	160,120	249,966	-	322	2,001	63	-
Off-balance sheet credit risk exposures	14,136	7	-	45	-	-	-
Counterparty credit risk	7,971	429	-	798	-	-	-
Total	**182,227**	**250,402**	**-**	**1,165**	**2,001**	**63**	**-**

5.4 Securitisation

5.4.1 Overview of Securitisation Activity

As originator and loan servicer

The underlying assets of the Group's securitisation business mainly include corporate credit assets (performing and non-performing), individual residential mortgage (performing and non-performing), non-performing individual commercial mortgage loans, non-performing individual consumer loans, non-performing credit card loans etc.

The Group acts as the originator in issuing credit securitisation products mainly to revitalise existing portfolios, optimise credit structure, effectively release credit resources, and improve the level of operation management and the ability to serve the real economy.

The degree of credit risk of securitised assets transferred out by the Group to other entities is determined by external third-party independent accountants considering the transaction structures of each securitisation project and the testing results of the risk-reward transfer model. The main risks assumed by the Group include: 1) possible future losses of securities retained by the Group as per regulatory requirements; and 2) reputational risk arising from failure to pay the principal or interest of senior securities on time due to sharp decrease of recycling the underlying assets.

The Group mainly plays the following roles in securitisation:

As the **originator**, the Bank establishes asset pools and transfers underlying assets through the establishment of a special purpose trust. As an **asset servicer**, the Bank provides duration management services.

As the **trustee**, CCB Trust establishes a special purpose trust to transfer underlying assets and issue asset-backed securities.

For details of external credit rating agencies used by all outstanding or unliquidated asset securitisations that had been issued by the Group as an originator, please refer to “*Appendix 1: External Credit Rating Agencies for Securitisation Products*”.

As investor

As one of the investors in the asset-backed securities market, the Bank purchases and holds asset-backed securities to obtain returns on investments, and assumes corresponding credit risks, market risks and liquidity risks. The Bank determines the amount of its investments in accordance with its annual investment strategy as well as the risk and return performance of securities.

5.4.2 Accounting Policies

The Group securitises certain loans, which generally involves the sale of these assets to structured entities, which in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of credit enhancement or subordinated tranches, or other residual interests (“retained interests”). Gains or losses on securitisation are the difference between the carrying amount of the transferred financial assets and the consideration received (including retained interest) which is recognised in profit or loss.

5.4.3 Securitisation Exposures

As at 31 December 2022, the Group’s total securitisation exposures were RMB100,648 million. Details and the distribution of underlying assets where the Group acted as the originator are shown as follows:

Table 17: Securitisation exposures

(In millions of RMB)	As at 31 December 2022		As at 31 December 2021	
	Traditional	Synthetic	Traditional	Synthetic
As originator[1]	99,207	-	99,981	-
As investor	1,441	-	3,138	-
Total	100,648	-	**103,119**	-

1. Exposures under "As originator" refer to those arising from the senior and subordinated tranches of asset-backed securities held by the Bank as the originator, and the off-balance exposures arising from the process of the origination other than the total amount of asset-backed securities issued by the Bank as originator.

Table 18: Securitisation underlying assets as originator[1]: non-performing assets and overdue information

(In millions of RMB)	As at 31 December 2022		
Type of underlying assets	Balance of underlying assets[2]	Total non-performing assets	Total overdue assets
Performing corporate credit assets	6,409	772	930
Non-performing corporate credit assets	7,171	7,171	7,170
Individual residential mortgage loans	430,367	25,383	30,803
Non-performing individual consumer loans	3,106	3,106	3,106
Non-performing individual commercial mortgage loans	553	551	552
Non-performing credit card loans	23,990	23,990	23,990
Total	471,596	60,973	66,551

1. This table provides the information with reference to the Bank's outstanding or unliquidated securitisation at the end of the reporting period as both originator and asset servicer.
2. The balance of underlying asset exposure refers to the carrying amount of the underlying assets of asset securitisation at the end of the reporting period.

5.4.4 Measurement of Securitisation Risk

The Group's risk exposures of asset securitisation are measured by standardised approach. As at 31 December 2022, the Group's asset securitization exposure and total capital requirement were RMB100,648 million and RMB16,761 million, respectively.

5.5 Equity Risk in the Banking Book

Types of equity investments

The Group's equity risk in the banking book mainly arises from long-term equity investments in associates and joint ventures, equity participation investments designated as at fair value through other comprehensive income, etc. The equity investments in associates and joint ventures refer to equity investments the Group makes, together with other associates and joint ventures, for the purpose of exercising significant influence on or joint control over the invested entities. Equity participation investments designated as at fair value through other comprehensive income mainly refer to equity investments made by the Group not for trading purposes and designated at initial recognition as "at fair value through other comprehensive income".

The equity exposures in the banking book of the Group also include passively held policy debt-to-equity swaps and passively accepted debt-offsetting equities, and market-oriented debt-to-equity swaps during assets preservation.

Policy debt-to-equity swaps consist of non-listed equity and listed equity. Policy debt-to-equity swaps are the non-stripped debt-for-equity swap held by the Bank in accordance with national policies from the end of the 20th century to the beginning of the 21st century. Policy debt-to-equity swaps are a legacy product not held for profit, with the size of underlying assets continuously shrinking in recent years.

Debt-offsetting equities consist of accounts including listed equities measured at fair value through profit or loss, non-listed equities measured at fair value through profit or loss, listed equities designated at fair value through equity and non-listed equities designated at fair value through equity. The categories of underlying assets include listed equities, non-listed corporate equities, partnership shares, and shares of the beneficial ownership in trusts. Debt-offsetting equity is the corporate equity or property right passively held by the Bank through debt repayment in physical assets (or stocks), which is not held for profit. Once the conditions for disposal are met, the disposal process will be initiated, and the debt-offsetting equities will be disposed of as soon as possible.

Equities from market-oriented debt-to-equity swaps consist of unlisted equity and listed equity. They are equities acquired by the Group in exchange for debts since 2016 to implement the supply-side structural reform decisions and arrangements of the country. The Group established a professional institution in accordance with national policies to carry out the exchange in a market-oriented and law-based manner. Market-oriented debt-to-equity swaps are achieved using three business models: issuing shares to repay debts, converting debts into shares, and repaying debts in the form of shares. The Group adopts market-oriented methods in selecting debts to be converted into shares, in raising funds and in withdrawing the shares. The size of the assets held by the Group related to market-oriented debt-to-equity swaps has increased in recent years under policy guidance.

The valuation and accounting treatment of equity in the banking book

The Group valuates those traded in an active market by quoted market price and valuates those not traded in an active market by valuation technique, which is generally accepted by market participants or the reliability of which has been proved by historical actual transaction prices. The assumption used by the Group in valuation is that used by market participants to price relevant assets and liabilities, including the assumptions that transactions are orderly carried out under current market conditions and that market participants pursue maximum economic benefits etc.

The regulatory capital measurement rules

According to regulatory requirements, the Group adopted different handling methods based on the nature and proportion of investment while calculating regulatory capital for equity exposures in the banking book.

- With respect to the subsidiaries of the industrial and commercial enterprise type that are outside the regulatory scope of consolidation but within the accounting scope of consolidation, the Group calculates the risk-weighted assets for the investment in such subsidiaries based on the regulatory risk weights, when calculating the consolidated capital adequacy ratios.
- With respect to other financial institutions outside both the regulatory and accounting scopes of consolidation, the Group follows the threshold deduction method for the investment in such financial institutions according to regulatory requirements. The

portion of the investment exceeding the threshold is deducted from the capital. The risk-weighted assets of amounts below the threshold are calculated based on the regulatory risk weights.

- With respect to other industrial and commercial enterprises outside both the regulatory and accounting scopes of consolidation, the Group calculates their risk-weighted assets based on the regulatory risk weights.

Table 19: Equity exposures in the banking book

(In millions of RMB)			As at 31 December 2022
Invested institution categories	**Publicly traded equity exposure[1]**	**Non-publicly traded equity exposure[1]**	**Unrealised potential risk gains or losses[2]**
Financial institutions	**2,436**	**6,456**	**726**
Non-financial institutions	**16,887**	**141,598**	**(234)**
Total	**19,323**	**148,054**	**492**

(In millions of RMB)			As at 31 December 2021
Invested institution categories	**Publicly traded equity exposure[1]**	**Non-publicly traded equity exposure[1]**	**Unrealised potential risk gains or losses[2]**
Financial institutions	2,684	5,383	891
Non-financial institutions	19,501	132,845	(167)
Total	**22,185**	**138,228**	**724**

1. Publicly traded equity exposure is the equity exposure of invested institutions that are listed companies. Non-publicly traded equity exposure is the equity exposure of invested institutions that are unlisted companies.
2. Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the balance sheet but not in the income statement.

5.6 Counterparty Credit Risk

In recent years, the Group has been constantly making improvement to the risk management system for counterparty credit risk ("CCR") and promoting the establishment of the policies, processes, measurement and systems. In 2022, the Group revised and issued the CCR management policies for derivatives business in order to optimise the CCR management process. The Group constantly optimised the functions of the CCR management system, so as to empower branches to reduce risk management burdens. The Group responded actively to extreme market changes, enriched the market risk analysis toolbox, launched the stress scenario analysis function of derivatives, and conducted multiple rounds of stress testing for exchange rate derivatives. The Group sent out risk alerts and urged branches to implement claims of collaterals in a timely manner, and proactively controlled risk exposures. Against the backdrop of highly volatile foreign exchange market in 2022, the Group effectively prevented the transformation of market risk into CCR.

Under the overall framework of collateral management of the Bank's credit approval business, the Bank clarifies rules for the measurement of collaterals of derivatives business, claims of collaterals caused by changes in transaction exposure, and monitoring of collaterals in the derivatives counterparty credit risk management policy. To address the counterparty risk of the flat plate of over-the-counter ("OTC") derivative transactions and global foreign currency repurchase transactions, the Bank signs the Credit Support Annex ("CSA") agreement under the ISDA agreement, the Initial Margin Documentations and the Global Master Repurchase Agreement ("GMRA") if necessary and regulates the process of collection and payment of collaterals and margins under the CSA agreement, the Initial Margin Documentations and the GMRA. If the credit rating is downgraded, the threshold and minimum transfer amount of collaterals of the Bank's foreign currency OTC derivatives transactions and repurchase transactions with some counterparties are adjusted according to the CSA agreement, the Initial Margin Documentations and the GMRA.

In order to help the development of the real economy, support the financing of corporate bonds, support the construction of China's credit derivatives market, hedge the credit risk of holding bonds, increase investment transaction returns and develop new business and products, the Bank has carried out the business of credit risk mitigation tool. As at 31 December 2022, the Group hold only one credit risk mitigation agreement (CRMA) with a nominal amount of RMB250 million. The Bank was the credit protection seller for this transaction.

The Group measures the derivative counterparty EAD in accordance with the *Measurement Rules for Derivative Counterparty Default Risks Assets* approved by the CBIRC and adopts the regulatory weighting approach to measure the counterparty default risk assets. The counterparty EAD was RMB152,253 million after considering the hedging sets. The following table presents CCR exposure of the Group by product type as at 31 December 2022.

Table 20: Counterparty credit risk exposure by product classification

(In millions of RMB)	**As at 31 December 2022**	**As at 31 December 2021**
	EAD	**EAD**
Counterparty credit risks from OTC derivative transactions under the regulatory weighting approach	**108,841**	**90,591**
Interest rate contracts	**10,002**	4,526
Exchange rate and gold contracts	**84,582**	71,756
Equity contracts	**5**	50
Precious metals and other commodities contracts (excluding gold)	**14,252**	14,231
Credit derivative contracts	**-**	28
Counterparty credit risks from transactions with central counterparties	**33,088**	**28,029**
Counterparty credit risks from securities financing transactions	**10,324**	**9,806**
Total	**152,253**	**128,426**

6 MARKET RISK

6.1 Market Risk Management

Market risk is the risk of loss in respect of the Group's on and off-balance sheet activities, caused by adverse movements in market rates, including interest rates, foreign exchange rates, commodity prices and stock prices, etc. Market risk arises from both the Group's trading and banking book. A trading book consists of freely traded financial instruments and commodity positions held either with trading intent or to hedge other risks of the trading book. A banking book records those financial instruments and commodity positions which are not included in the trading book.

The market risk management of the Group aims at building a Group-wide comprehensive management system of market risk and investment and trading business, effectively identifying, measuring, monitoring. controlling and reporting market risk; maintaining a competitive net interest spread and return on investment portfolio through effective market risk operation and management; balancing risk and return to further improve market competitiveness of the Bank.

The Group has constantly improved market risk management system. The Risk Management Department plays a leading role in formulating overall market risk management policies and rules, developing market risk measurement instruments, and monitoring and reporting trading market risks. The Asset and Liability Management Department is responsible for managing the market risk in the banking book and the total volume and structure of assets and liabilities to address structural market risks. The Financial Market Department is responsible for the overall management of RMB and foreign currency investment portfolios, conducting proprietary and customer-driven transactions, and implementing market risk management policies and rules. The Audit Department is responsible for regularly performing independent audits of the reliability and effectiveness of the processes constituting the risk management system.

In 2022, the Group continuously improved risk management system of investment and trading business. The Group optimised risk management of RMB portfolio and underwriting business, pressed ahead with the construction of its debenture risk management system, and realized automatic monitoring of offshore bonds issued by Chinese institutions. The Group improved digital monitoring mechanism for financial market trading business, and strengthened transaction risk screening and alerts, so as to prevent and resolve potential risks. The Group strengthened risk management and control of financial institution customers, optimised risk management and control mechanism of its asset management business and consolidated the management of its legacy asset management business and undertaken bonds, and defined the accountability for asset management and interbank business. The Group actively pressed ahead with the implementation of "Blue Core" project – an intelligent investment and trading business control platform. The Group also finished the construction of projects such as the Group's new standardised approach for market risk, the new CCR rules, and risk curve platform, and actively promoted implementation of internal models-based approach for market risk, adhered to the comprehensively independent and controllable implementation of Basel III.

6.2 Market Risk Measurement

In 2014, the CBRC approved the Group to implement the advanced approach of capital management, including the use of the internal models approach to measure market risk. The following table shows the market risk capital requirements of the Group as at 31 December 2022.

Table 21: Market risk capital requirements

(In millions of RMB)	As at 31 December 2022 Capital requirement	As at 31 December 2021 Capital requirement
Covered by the internal models approach	**5,786**	**4,420**
Uncovered by the internal models approach	**3,479**	**2,785**
Interest rate risk	**799**	458
Equity position risk	**863**	817
Foreign exchange risk	**1,622**	1,441
Commodity risk	**185**	69
Option risk	**10**	-
Total	**9,265**	**7,205**

The Group measures market risk using the Value-at-Risk (“VaR”) model. The VaR model is an approach to estimate potential losses that could occur on risk positions taken, due to movements in market interest rates, foreign exchange rates and other market prices within a specific timeframe and a fixed confidence interval. The Group calculates VaR and stressed VaR and conducts back-testing in compliance with the regulatory requirements. As of the end of the reporting period, the number of back-testing breaches fell within the green zone set by the CBIRC, and no model anomalies had been identified. The following table shows the VaR and stressed VaR of the Group covered by the internal models approach.

Table 22: VaR, stressed VaR of the Group covered by the internal models approach

(In millions of RMB)	For the year ended 31 December 2022			
	Amount			
	Average	Maximum	Minimum	Period end
VaR	**373**	**513**	**249**	**466**
Stressed VaR	**1,152**	**1,532**	**930**	**1,369**

(In millions of RMB)	For the year ended 31 December 2021			
	Amount			
	Average	Maximum	Minimum	Period end
VaR	385	589	259	306
Stressed VaR	908	1,236	441	965

7 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, staff, systems, or external events. The definition includes legal risk but excludes strategic risk and reputation risk.

Operational risk management is a critical part of the Group's comprehensive risk management. The aims of operational risk management are as follows: remaining committed to the comprehensive, proactive, classified, intelligent and agile operational risk management strategy, enhancing employee behaviour management, continuously strengthening business continuity management, and maintaining the operational risk within a reasonable range.

The Group has established a "Three Lines of Defence" with combined effects of operational risk management system. Each business department is the first defence line for guarding against operational risk. They are the direct bearers and managers of operational risk and take important responsibility for operational risk management of businesses under their charge. Internal Control and Compliance Department, Risk Management Department and Legal Affairs Department are the second defence line, taking charge of operational risk management. Audit Department is the third defence line for guarding against operational risk, in charge of re-supervision of operational risk management. The process of the Group's operational risk management process includes risk identification, assessment, control, mitigation, monitoring, and reporting.

In 2022, the Group actively met implementation requirements of Basel III, deepened operational risk management, improved business continuity management system, strengthened employee behaviour management, and realized continuous and sound operation of business. The Group strengthened regulatory compliance, optimised its operational risk loss data management mechanism, improved operational risk management system, and steadily promoted the implementation of new standardised approach for operational risk under Basel III. Focusing on its strategic development requirements, the Group optimised the overarching design of business continuity management and further improved its management system. The Group carried out a new round of business impact analysis, established and optimised analysis standards, formulated key business recovery strategies objectively and prudently at the bank level, and promoted the enhancement of refined business continuity management. The Group also optimised employee behaviour management system, improved the code of conduct, promoted the effective performance in the grid, enriched employee behaviour models, and explored the application of intelligent technology, so as to better detect violations.

The Group has been consistently implementing the standardised approach for operational risk to meet external regulatory compliance requirements.

The Group actively pressed ahead with research and implementation of the new standardised approach for operational risk under Basel III. It scientifically applied the methods, rules and parameters of the new standardised approach according to regulatory requirements.

Upon approval of the CBRC, the Group adopted the standardised approach to measure capital requirements of operational risk. As at 31 December 2022, the Group's capital requirements of operational risk was RMB108,671 million.

8 INTEREST RATE RISK IN THE BANKING BOOK

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

In 2022, the Group paid close attention to domestic and international economic developments and changes in macro policies, continuously implemented requirements for reducing corporate financing costs, strengthened support for key areas and weak links in the real economy, appropriately responded to various operational pressures and management challenges, and maintained a sound, coordinated and sustainable growth of assets and liabilities. It also closely followed the interest rate movements of deposits, loans, and bonds, monitored changes in maturity structure of various assets and liabilities in real time, steadily advanced the implementation of requirements for the reform of deposit pricing mechanisms, optimised internal and external pricing strategies and effectively performed pricing management by taking high-quality development as its core. It strengthened assessment of interest rate risk management of overseas institutions and optimised interest rate risk limit system in a timely manner. It completed the independent development of interest rate risk management system, effectively implemented business models and system functions, and significantly improved its capability in intelligent and digital management. During the reporting period, the results of stress testing indicated that all indicators of the Group were kept within limits, and interest rate risk was under control.

9 REMUNERATION

9.1 Nomination and Remuneration Committee of the Board of Directors

The Nomination and Remuneration Committee of the Board of Directors of the Bank consisted of five directors at the end of 2022. Sir Malcolm Christopher McCarthy, independent non-executive director of the Bank, currently serves as chairman of the Nomination and Remuneration Committee. Members include Ms. Shao Min, Mr. Graeme Wheeler, Mr. Michel Madelain and Mr. Leung Kam Chung, Antony. Among them, one is non-executive director, and four are independent non-executive directors.

The primary responsibilities of the Nomination and Remuneration Committee of the Board of Directors include:

- formulating criteria and procedures for the selection and appointment of directors and senior management;
- proposing candidates for directors, president, chief audit officer, secretary of the Board and members of special committees under the Board to the Board of Directors;
- reviewing the structure, number of members and composition of the Board of Directors (including aspects on expertise, knowledge and experience) and proposing suggestions on the adjustment of the Board of Directors to implement the corporate strategies of the Bank;
- evaluating the performance of members of the Board of Directors;
- reviewing candidates for senior management nominated by the president;
- formulating development plans for senior management and back-up personnel for key positions;
- reviewing the remuneration management system submitted by the president;
- formulating performance evaluation measures for directors and senior management and submitting the measures to the Board of Directors for deliberation;
- organising performance evaluation of directors and senior management, proposing advice on the remuneration distribution plan for directors and senior management in accordance with the performance evaluation results and the diligence evaluation made by the Board of Supervisors and submitting the plan to the Board of Directors for deliberation;
- proposing advice on the remuneration distribution plan for supervisors in accordance with the performance evaluation of the supervisors made by the Board of Supervisors and submitting the plan to the Board of Directors for deliberation;
- monitoring the implementation of the Bank’s performance assessment and remuneration systems; and
- other duties and powers authorised by the Board of Directors..

In 2022, the Nomination and Remuneration Committee of the Board of Directors convened six meetings in total.

The remuneration of members of the Nomination and Remuneration Committee of the Board of Directors is disclosed in *Annual Remuneration of Directors, Supervisors and Senior Management in the 'Annual Report 2022 of China Construction Bank Corporation'*.

9.2 Remuneration Policies

The Bank upholds its philosophy of standardising distribution order and building a harmonious distribution relationship and constantly improves intensive management in performance and remuneration, making significant contribution to strategic development of the Bank.

The Bank's major allocation rules and other significant matters relating to remuneration management need to be proposed to the Nomination and Remuneration Committee of the Board of Directors for review and approval. Important proposals relating to remuneration allocation are required to be voted and approved by the shareholders' general meeting or reported to the state competent authorities for approval and filing.

Remuneration and risks

In accordance with relevant policies concerning remuneration reform of state-owned enterprise principles, since 2015, the remuneration for executives of state-owned enterprises has included basic annual salary, performance salary and tenure incentive income. The Bank may retroactively deduct partial or full of the paid performance-based salary and tenure incentive income for those who make serious mistakes and cause great losses for the enterprise during the tenure.

The Bank brings performance-based remuneration's function of intensive and restraint into full play. The Bank establishes the principle of assessment and assignment that encourages value creation, allocates the salary resources to operation institutions, front office departments and positions that directly create value, further optimises the incentive and guarantee policies for rank-and-file staff, establishes a special subsidy system for staff in outlets at remote county under tough conditions, to enhance the sense of gain of staff. The Bank strengthens remuneration management over overseas institutions and controlled subsidiaries and adheres to strategy of comprehensive operation of the Bank and overseas development. The Bank provides further guidance on performance assessment management of the Bank, strengthens the daily assessment, and standardises the determination and application of assessment results. The Bank further standardises the management of welfare programs across the Bank, and expands the universal benefits of staff in outlets, to properly safeguard employees' benefits. The Bank also establishes relevant remuneration reduction measures for staff facing disciplinary actions or other penalties due to violation of rules or dereliction of duty.

The remuneration for staff engaging in risk and compliance management is independent from the business areas they supervise and has nothing to do with the performance evaluation of the business areas they supervise. Their performance objective is consistent with the risk control responsibilities they undertake.

Remuneration and performances

Staff remuneration of the Bank includes fixed salary and performance-based salary. Fixed salary mainly relates to staff's years of working and job level, representing the fundamental guarantee and overall balance. Performance-based salary reflects the completion status of objective and performance assessment result and mainly relates to economic value added (“EVA”), pre-provision operating profit, completion of strategic business indicators, and KPI results.

The Bank consistently pays high attention to maintaining the balance between long-term and short-term development where remuneration distribution is concerned, and through performance-based remuneration, seeks to identify the optimal synergies between the balanced development of existing businesses and long-term stable and sustainable development. In this regard, the policies and methods currently adopted mainly include: 1. adopting a performance-based compensation allocation method based on EVA, which not only reflects the realisation of revenue for current period, but also takes into account the pre-provision operating profit, asset quality and economic capital constraints, and pays attention to stability, coordination and sustainability; 2. establishing a deferred balance mechanism and a pool of performance-based bonuses to reduce significant volatilities between different years, and support the continuous and steady development, and setting a reasonable credit cost range for credit impairment expenses so that performance-based bonuses that correspond to current-year credit costs outside the range are included in the bonus pool, which serves to reduce the impact of asset quality on the current-year performance; and 3. allocating strategic performance-based remunerations specifically for bank-wide strategic business initiatives, such as house rental, fintech, and inclusive finance, to maximize the effect of strategic efforts on promoting long-term performance

Flexible remuneration

Risk measurement factors are reflected in allocation of gross staff cost, allocation linked with staff cost in line of business and staff salary distribution. The Bank supports risk control behaviours, as well as other behaviours that are consistent with the risk framework system and long-term financial indicator, and focuses on the ratio of fixed to flexible remuneration, in order to achieve an appropriate balance. The fixed salary portion can attract and keep skilled staff, while flexible remuneration can stimulate staff that have remarkable performance but prohibit excessive risk-taking, both of which support the Bank in realising its business strategies and targets within the controllable risk goals and risk management framework.

Pursuant to relevant government policies, the Bank’s payment tools of flexible remuneration include cash and equity. After the implementation of the first employee stock incentive plan of the Bank in July 2007, the Bank did not implement any new round of stock incentive plan in the reporting period.

9.3 Remuneration of Senior Management

The remuneration standards of the Bank’s directors, supervisors and senior management are implemented after the procedures of the corporate governance. The remuneration standards of chairman of the Board of Directors, the chairman of the Board of Supervisors, the president and the vice president follow the state relevant policies.

The remuneration of directors, supervisors and senior management is disclosed in Remunerations for Directors, Supervisors and Senior Management for 2022 in the ‘Annual Report 2022 of China Construction Bank Corporation’.

APPENDIX 1: EXTERNAL CREDIT RATING AGENCIES FOR SECURITISATION PRODUCTS

The table below presents all the outstanding/unliquidated securitisation products issued by the Bank as originator and the corresponding external credit rating agencies.

Securitisation project	Credit rating agencies
Jianyuan 2005-1 residential mortgage-backed securities	Moody's Investors Service (Beijing) Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2007-1 residential mortgage-backed securities	China Lianhe Credit Rating Co., Ltd.
Jianyuan 2015-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2015-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2016-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2016-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2016-3 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2016-4 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-3 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-4 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-5 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-6 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2017-7 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2017-8 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2017-9 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-3 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-4 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-5 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-6 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-7 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-8 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-9 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-10 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.

Jianyuan 2018-11 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2018-12 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-13 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-14 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-15 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-16 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-17 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-18 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-19 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2018-20 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2018-21 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2018-22 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2019-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2019-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2019-3 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2019-4 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2019-5 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2019-6 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2019-7 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2019-8 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2019-9 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2019-10 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2019-11 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2019-12 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2020-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianyuan 2020-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2020-3 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-4 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2020-5 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.

Jianyuan 2020-6 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-7 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-8 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-9 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-10 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2020-11 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-12 residential mortgage-backed securities	China Bond Rating Co., Ltd. Fitch (China) Bohua Credit Ratings Ltd. Fitch Ratings Inc.
Jianyuan 2020-13 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2020-14 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2020-15 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2021-1 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2021-2 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2021-3 residential mortgage-backed securities	China Bond Rating Co., Ltd. Fitch (China) Bohua Credit Ratings Ltd.
Jianyuan 2021-4 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2021-5 residential mortgage-backed securities	China Bond Rating Co., Ltd. Fitch (China) Bohua Credit Ratings Ltd.
Jianyuan 2021-6 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2021-7 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianyuan 2021-8 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2021-9 residential mortgage-backed securities	China Bond Rating Co., Ltd. Fitch (China) Bohua Credit Ratings Ltd. Fitch Ratings Inc.
Jianyuan 2021-10 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2021-11 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2021-12 residential mortgage-backed securities	China Bond Rating Co., Ltd. Fitch (China) Bohua Credit Ratings Ltd.
Jianyuan 2021-13 residential mortgage-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd. Standard & Poor's Financial Services LLC.
Jianyuan 2021-14 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianyuan 2021-15 residential mortgage-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2016-2 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2016-3 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2017-1 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2017-2 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2018-2 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.

Jianxin 2018-5 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2019-5 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2019-7 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2020-1 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2020-2 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2020-3 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2020-4 non-performing asset-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianxin 2020-5 non-performing asset-backed securities	China Bond Rating Co., Ltd. Golden Credit Rating International Co., Ltd.
Jianxin 2020-6 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd
Jianxin 2020-7 non-performing asset-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianxin 2020-9 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-1 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2021-2 non-performing asset-backed securities	China Bond Rating Co., Ltd. S&P Ratings (China) Co., Ltd.
Jianxin 2021-3 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-4 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-5 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-6 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-7 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2021-8 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-9 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2021-10 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2022-1 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2022-2 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2022-3 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2022-4 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2022-5 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2022-6 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Lianhe Credit Rating Co., Ltd.
Jianxin 2022-7 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Jianxin 2022-8 non-performing asset-backed securities	China Bond Rating Co., Ltd. Fitch (China) Bohua Credit Ratings Ltd.
Jianxin 2022-10 non-performing asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
FITS Jianrong 2020-1 credit asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
FITS Jianrong 2020-2 credit asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.

FITS Jianpu 2020-2 SME loan asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
FITS Jianpu 2020-3 SME loan asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
FITS Jianpu 2020-4 SME loan asset-backed securities	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.
Zhuyuan 2019-1 residential mortgage-backed securities[1]	China Bond Rating Co., Ltd. China Cheng Xin International Credit Rating Co., Ltd.

1. This securitisation was issued by Sino-German Bausparkasse Co., Ltd.

APPENDIX 2: INFORMATION RELATED TO COMPOSITION OF CAPITAL

In accordance with the Regulatory Requirements for the *Disclosure of Information on Capital Composition of Commercial Banks* issued by the CBRC, the following table shows the Group's composition of capital, minimum regulatory capital requirements, as well as their connections with the balance sheets within the regulatory scope of consolidation.

	(In millions of RMB, except percentages)	Code	As at 31 December 2022	As at 31 December 2021
Common Equity Tier 1 capital:				
1	Qualifying common share capital	o	250,011	250,011
2	Retained earnings		2,310,311	2,079,368
2a	Surplus reserve	t	337,527	305,571
2b	General reserve	u	444,428	381,282
2c	Undistributed profits	v	1,528,356	1,392,515
3	Accumulated other comprehensive income and disclosed reserves		156,710	156,171
3a	Capital reserve	q	134,965	134,237
3b	Others	r	21,745	21,934
4	Amount recognised in Common Equity Tier 1 capital during transitional period (Only applicable to unlisted companies, while banks of joint-stock companies to be completed with "0")		-	-
5	Non-controlling interest given recognition in Common Equity Tier 1 capital	w	3,867	4,027
6	**Common Equity Tier 1 capital before regulatory adjustments**		2,720,899	**2,489,577**
Common Equity Tier 1 capital: Regulatory adjustments				
7	Prudent valuation adjustment		-	-
8	Goodwill (excluding deferred tax liabilities)	l	2,062	1,947
9	Other intangible assets (excluding land use rights) (excluding deferred tax liabilities)	k	5,578	5,137
10	Net deferred tax assets relying on future profits and arising from operating losses		-	-
11	Cash-flow hedge reserves	s	(170)	61
12	Gaps of loan loss provisions		-	-
13	Gains from sales of asset securitisation		-	-
14	Unrealised profit / loss arising from the changes in own credit risk on fair values of liability		-	-
15	Net defined-benefit pension assets (excluding deferred tax liabilities)		-	-
16	Directly or indirectly investments in own shares		-	-
17	Reciprocal cross-holdings in common equity		-	-
18	Non-significant investments in the capitals of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		-	-
19	Significant investments in the capitals of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		-	-
20	Mortgage-servicing rights		N/A	N/A
21	Other deferred tax assets relying on the Bank's future profitability (amount above 10% threshold)		-	-

22	Significant investments in the capitals of financial institutions outside the regulatory scope of consolidation and other deferred tax assets that rely on the Bank's future profitability after all regulatory adjustments (amount exceeding the 15% threshold)		-	-
23	of which: Significant investments in the capitals of financial institutions		-	-
24	of which: Mortgage-servicing rights		N/A	N/A
25	of which: Other deferred tax assets that rely on the Bank's future profitability		-	-
26a	Investments in Common Equity Tier 1 of financial institutions being controlled but outside the regulatory scope of consolidation	h	6,970	6,970
26b	Gaps of Common Equity Tier 1 of financial institutions being controlled but outside the regulatory scope of consolidation		-	-
26c	Total regulatory adjustments to Common Equity Tier 1 capital		-	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		-	-
28	**Total regulatory adjustments in Common Equity Tier 1 capital**		**14,440**	**14,115**
29	**Common Equity Tier 1 capital after regulatory adjustments**		**2,706,459**	**2,475,462**
Additional Tier 1 capital:				
30	Directly issued qualifying Additional Tier 1 instruments including related premium	p+z	139,968	99,968
31	of which: Classified as equity	p+z	139,968	99,968
32	of which: Classified as liabilities		-	-
33	of which: Instruments not recognised in Additional Tier 1 capital after the transition period		-	-
34	Non-controlling interest given recognition in Additional Tier 1 capital		106	98
35	of which: Portions not recognised in Additional Tier 1 capital after the transition period		-	-
36	**Additional Tier 1 capital before regulatory adjustments**		**140,074**	**100,066**
Additional Tier 1 capital: Regulatory adjustments				
37	Direct or indirect investments in own Additional Tier 1 instruments		-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments		-	-
39	Non-significant investments in the capitals of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		-	-
40	Significant investments in the Additional Tier 1 capital of financial institutions outside the regulatory scope of consolidation		-	-
41a	Investments in Additional Tier 1 capital of financial institutions being controlled but outside the regulatory scope of consolidation		-	-
41b	Gaps of Additional Tier 1 capital of financial institutions being controlled but outside the regulatory scope of consolidation		-	-
41c	Other deductions from Additional Tier 1 capital		-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-	-
43	**Total regulatory adjustments to Additional Tier 1 capital**		**-**	**-**
44	**Additional Tier 1 capital after regulatory adjustments**		**140,074**	**100,066**
45	**Tier 1 capital after regulatory adjustments (Common Equity Tier 1 capital after regulatory adjustments + Additional Tier 1 capital after regulatory adjustments)**		**2,846,533**	**2,575,528**
Tier 2 capital:				
46	Directly issued qualifying Tier 2 instruments including related premium	n	453,197	353,341
47	of which: Portions not recognised in Tier 2 capital after the transition period		-	15,983
48	Non-controlling interest given recognition in Tier 2 capital	y	171	159
49	of which: Portions not recognised after the transition period		-	-

50	Provisions in Tier 2	-(b+d)	340,537	323,254
51	**Tier 2 capital before regulatory adjustments**		**793,905**	**676,754**
Tier 2 capital: Regulatory adjustments				
52	Direct or indirect investments in the Bank's Tier 2 instruments		-	-
53	Reciprocal cross-holdings in Tier 2 instruments		-	-
54	Non-significant investments in capital of financial institutions outside the regulatory scope of consolidation (amount above 10% threshold)		-	-
55	Significant investments in the Tier 2 capital of financial institutions outside the regulatory scope of consolidation		-	-
56a	Investments in Tier 2 capital of financial institutions being controlled but outside the regulatory scope of consolidation		-	-
56b	Gaps of Tier 2 capital of financial institutions being controlled but outside the regulatory scope of consolidation		-	-
56c	Other deductions from Tier 2 capital		-	-
57	**Total regulatory adjustments in Tier 2 capital**		-	-
58	**Tier 2 capital after regulatory adjustments**		**793,905**	**676,754**
59	**Total capital after regulatory adjustments (Tier 1 capital after regulatory adjustments +Tier 2 capital after regulatory adjustments)**		**3,640,438**	**3,252,282**
60	**Total risk-weighted assets**		**19,767,834**	**18,215,893**
Capital adequacy ratio and reserve capital requirements				
61	**Common Equity Tier 1 ratio**		**13.69%**	**13.59%**
62	**Tier 1 ratio**		**14.40%**	**14.14%**
63	**Total capital ratio**		**18.42%**	**17.85%**
64	Specific buffer requirements of regulators		3.50%	4.00%
65	of which: Capital conservation buffer requirements		2.50%	2.50%
66	of which: Countercyclical buffer requirements		0.00%	0.00%
67	of which: Additional buffer requirements of Global Systemically Important Banks		1.00%	1.50%
68	Common Equity Tier 1 capital available to meet buffers as a percentage of risk-weighted assets		8.69%	8.59%
Domestic minimum regulatory capital requirements				
69	Common Equity Tier 1 ratio		5.00%	5.00%
70	Tier 1 ratio		6.00%	6.00%
71	Total capital ratio		8.00%	8.00%
Amounts below the threshold deductions				
72	Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation		142,336	138,047
73	Significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation		311	374
74	Mortgage-servicing rights (net of deferred tax liabilities)		N/A	N/A
75	Other deferred tax assets relying on the Bank's future profitability (net of deferred tax liabilities)		112,716	92,012
Caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to regulatory weighting approach (prior to the application of cap)		94,823	56,937
77	Provisions eligible for inclusion in Tier 2 capital under regulatory weighting approach		71,351	56,937
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of cap)		341,982	347,010
79	Provisions eligible for inclusion in Tier 2 capital under internal ratings-based approach		269,186	266,317

Capital instruments subject to phase-out arrangements			
80	Amount recognised in current-period Common Equity Tier 1 capital due to transitional arrangements	-	-
81	Amount not recognised in current-period Common Equity Tier 1 capital due to transitional arrangements	-	-
82	Amount recognised in current-period Additional Tier 1 capital due to transitional arrangements	-	-
83	Amount not recognised in current-period Additional Tier 1 capital due to transitional arrangements	-	-
84	Amount recognised in current-period Tier 2 capital due to transitional arrangements	-	15,983
85	Amount not recognised in current-period Tier 2 capital due to transitional arrangements	-	24,013

The following table shows the balance sheet within the accounting and regulatory consolidation.

(In millions of RMB)	As at 31 December 2022	
	Balance sheet of the accounting scope of consolidation	Balance sheet of the regulatory scope of consolidation
Assets		
Cash and deposits with central banks	3,159,296	3,159,026
Deposits with banks and non-bank financial institutions	185,380	170,887
Precious metals	119,329	119,329
Placements with banks and non-bank financial institutions	429,676	430,727
Positive fair value of derivatives	49,308	49,307
Financial assets held under resale agreements	1,040,847	1,022,462
Loans and advances to customers	20,495,117	20,488,854
Financial assets at fair value through profit or loss	567,716	432,155
Financial assets measured at amortised cost	5,992,582	5,910,287
Financial assets at fair value through other comprehensive income	1,979,851	1,958,875
Long-term equity investments	22,700	26,751
Fixed assets	157,014	155,529
Construction in progress	9,971	9,597
Land use rights	13,225	12,421
Intangible assets	6,496	5,578
Goodwill	2,256	2,062
Deferred tax assets	113,533	112,716
Other assets	257,620	257,973
Total assets	34,601,917	34,324,536
Liabilities		
Borrowings from central banks	774,779	774,779
Deposits from banks and non-bank financial institutions	2,584,271	2,586,676
Placements from banks and non-bank financial institutions	351,728	349,069
Financial liabilities at fair value through profit or loss	303,132	302,844
Negative fair value of derivatives	46,747	46,718
Financial assets sold under repurchase agreements	242,676	229,349
Deposits from customers	25,020,807	25,027,469
Accrued staff costs	49,355	46,718
Taxes payable	84,169	84,002
Provisions	50,826	50,823
Debt securities issued	1,646,870	1,638,510
Deferred tax liabilities	881	350
Other liabilities	566,916	315,632
Total liabilities	31,723,157	31,452,939
Equity		
Share capital	250,011	250,011
Other equity instruments - preference shares	59,977	59,977
Other equity instruments - perpetual bonds	79,991	79,991
Capital reserve	135,653	134,965
Other comprehensive income	20,793	21,745

Surplus reserve	337,527	337,527
General reserve	444,786	444,428
Undistributed profits	1,527,995	1,528,356
Total equity attributable to equity shareholders of the Bank	2,856,733	2,857,000
Non-controlling interests	22,027	14,597
Total equity	2,878,760	2,871,597

The following table shows the information related to the expanded balance sheet within the regulatory scope of consolidation, as well as its connection with the Composition of capital.

(In millions of RMB)	As at 31 December 2022	
	Balance sheet of the regulatory scope of consolidation	Code
Assets		
Cash and deposits with central banks	3,159,026	
Deposits with banks and non-bank financial institutions	170,887	
Precious metals	119,329	
Placements with banks and non-bank financial institutions	430,727	
Positive fair value of derivatives	49,307	
Financial assets held under resale agreements	1,022,462	
Loans and advances to customers	20,488,854	
of which: Provisions eligible actually accrued under regulatory weighting approach	(94,823)	a
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under regulatory weighting approach	(71,351)	b
of which: Provisions eligible actually accrued under internal ratings-based approach	(341,982)	c
of which: Provisions eligible for inclusion in Tier 2 in respect of exposures under internal ratings-based approach	(269,186)	d
Financial assets at fair value through profit or loss	432,155	
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	134,260	e
Financial assets measured at amortised cost	5,910,287	
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	-	f
Financial assets at fair value through other comprehensive income	1,958,875	
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	6,621	g
Long-term equity investments	26,751	
of which: Investments in Common Equity Tier-1 of controlled financial institutions outside of the regulatory scope of consolidation	6,970	h
of which: Non-significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	1,455	i
of which: Significant investments in the capitals of other financial institutions outside of the regulatory scope of consolidation	311	j
Fixed assets	155,529	
Construction in progress	9,597	
Land use rights	12,421	
Intangible assets	5,578	k
Goodwill	2,062	l
Deferred tax assets	112,716	m
Other assets	257,973	
Total assets	34,324,536	
Liabilities		
Borrowings from central banks	774,779	
Deposits from banks and non-bank financial institutions	2,586,676	
Placements from banks and non-bank financial institutions	349,069	
Financial liabilities at fair value through profit or loss	302,844	
Negative fair value of derivatives	46,718	

Financial assets sold under repurchase agreements	229,349	
Deposits from customers	25,027,469	
Accrued staff costs	46,718	
Taxes payable	84,002	
Provisions	50,823	
Debt securities issued	1,638,510	
of which: Tier 2 capital instruments and related premium[1]	453,197	n
Deferred tax liabilities	350	
Other liabilities	315,632	
Total liabilities	31,452,939	
Equity		
Share capital	250,011	o
Other equity instruments - preference shares	59,977	p
Other equity instruments - perpetual bonds	79,991	z
Capital reserve	134,965	q
Other comprehensive income	21,745	r
of which: Cash-flow hedge reserves	(170)	s
Surplus reserve	337,527	t
General reserve	444,428	u
Undistributed profits	1,528,356	v
Total equity attributable to equity shareholders of the Bank	2,857,000	
Non-controlling interests	14,597	
Of which: Non-controlling interests recognised in Common Equity Tier 1 capital	3,867	w
Of which: Non-controlling interests recognised in Additional Tier 1 capital	106	x
Of which: Non-controlling interests recognised in Tier 2 capital[1]	171	y
Total equity	2,871,597	

1. Pursuant to regulatory requirements, Tier 2 capital issued by the Group's wholly-owned subsidiaries that don't comply with the regulations in China are not recognized in the Group's Tier 2 capital instruments and premium, which is different from the accounting treatment of such instruments.

APPENDIX 3: MAIN FEATURES OF ELIGIBLE REGULATORY CAPITAL INSTRUMENTS

The following table shows the main features of various kinds of eligible regulatory capital instruments issued by the Group.

No.	Main features of eligible regulatory capital instruments	H Share	A Share	Rights issue	Tier 2 capital instrument	Preference shares	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB	CCB
2	Identification code	0939.HK	601939.SH	0939.HK, 601939.SH	ISIN: CND100007Z10	360030.SH	ISIN：CND10001PYK4
3	Governing law(s)	Hong Kong SAR law	the PRC law	the PRC / Hong Kong SAR law	the PRC law	the PRC law	the PRC law
	Regulatory treatment						
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital
5	of which: Applicable to post-transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Common Equity Tier 1 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Equity instrument	Equity instrument	Equity instrument	Tier 2 capital instrument	Additional Tier 1 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions of RMB, as at the latest reporting date)	72,550	57,119	61,159	19,996	59,977	42,999
9	Par value of instrument	RMB30,459 million	RMB9 billion	RMB16,322 million	RMB20 billion	RMB60 billion	RMB43billion

10	Accounting classification	Share capital and capital reserve	Share capital and capital reserve	Share capital and capital reserve	Debt securities issued	Other equity instruments	Debt securities issued
11	Original date of issuance	27 October 2005	25 September 2007	19 November 2010, 16 December 2010	15 August 2014	21 December 2017	20 September 2018
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Perpetual	Dated
13	of which: Original maturity date	No maturity	No maturity	No maturity	18 August 2029	No maturity	25 September 2028
14	Issuer call subject to regulatory approval	No	No	No	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	18 August 2024, redemption in full	At least five years from the date of issuance of preference shares (27 December 2017), redemption in full or in part.	25 September 2023, redemption in full or in part.
16	of which: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	The redemption term of the preference shares starts from the beginning of such term to the date when all the preference shares have been wholly redeemed or converted.	N/A
	Coupons / dividends						
17	of which: Fixed or floating dividend/coupon	Floating	Floating	Floating	Fixed	Adjustable dividend rate (benchmark rate plus the fixed initial interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the dividend rate during each adjusting period remains unchanged.	Fixed
18	of which: Coupon rate and any related index	N/A	N/A	N/A	5.98%	The dividend yield for the first five years is 4.75%	4.86%

						and is reset based on the five-year Chinese government bond rate plus the fixed initial interest spread (0.89%) at the dividend reset date for the consecutive five years. The dividend rate during each reset period remains unchanged, and is reset to 3.57% from 21 December 2022.	
19	of which: Existence of dividend brake mechanism	N/A	N/A	N/A	No	Yes	No
20	of which: Fully discretionary, partially discretionary or non-discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Non-discretionary	Fully discretionary	Non-discretionary
21	of which: Existence of redemption incentive mechanism	No	No	No	No	No	No
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	N/A	N/A	N/A	No	Yes	No
24	of which: If convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	Occurrence of Additional Tier 1 capital instruments trigger event or Tier 2 capital instruments trigger event.	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	Fully or partially convertible upon the occurrence of Additional Tier 1 capital instruments triggers, and fully convertible upon the	N/A

						occurrence of Tier 2 capital instruments triggers	
26	of which: If convertible, specify the terms to determine the conversion rate	N/A	N/A	N/A	N/A	The initial conversion price is the average trading price of A shares of the Bank in the 20 trading days preceding the date of publication of the Board resolution in respect of the issuance of the preference shares (namely RMB5.20 per share). Since the date when the Board of Directors passed the resolution to issue the preference shares, in the event of any distribution of bonus shares or stock dividends for A ordinary shareholders, recapitalisation, issuance of new shares at a price lower than the market price (excluding the shares converted from financing instruments that are issued by the Bank and subject to the clauses of conversion into ordinary shares) and making rights issue, the Bank will accumulatively adjust the conversion price in the order of occurrence of the events, excluding the situation where the bank declares cash dividend of ordinary	N/A

						shares. In case of cancellation of repurchased shares, merger, split-up or other circumstances that may lead to changes in the Bank’s share class, number and / or shareholders’ equity and thereby affect the rights and interests of the preference shareholders, the Bank shall have the right to adjust the compulsory conversion price in a fair and impartial manner, so as to fully protect and balance the rights and interests of the preference shareholders and the ordinary shareholders.	
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	Yes	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	Common Equity Tier 1 capital	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A	N/A	CCB	N/A
30	Write-down feature	N/A	N/A	N/A	Yes	No	Yes
31	of which: If write-down, specify the	N/A	N/A	N/A	Write-down is triggered at the	N/A	Write-down is triggered at the

	trigger point of write-down				earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.		earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: If write-down, specify if it is full or partial	N/A	N/A	N/A	Partial/Full	N/A	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	N/A	N/A	N/A	Permanent	N/A	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority rankings)	The lowest priority of all claims	The lowest priority of all claims	The lowest priority of all claims	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.	The lower priority behind all depositors, general creditors, and Tier 2 capital instruments issued, and other capital instruments senior to preference shares, the same priority with Additional Tier 1 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu.

36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Undated capital bonds	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB
2	Identification code	ISIN: CND10001QQJ0	ISIN: XS1936784161	ISIN: CND10002HVY6	ISIN: XS2140531950	ISIN: CND10003NQC8
3	Governing law(s)	the PRC law	the UK law (Subordinated tranches subject to the PRC laws and regulations)	the PRC law	the UK law (Subordinated tranches subject to the PRC laws and regulations)	the PRC law
	Regulatory treatment					
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
5	of which: Applicable to post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Additional Tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	39,999	12,747	39,991	13,772	64,989
9	Par value of instrument	RMB40 billion	US$1,850 million	RMB40 billion	US$2 billion	RMB65 billion
10	Accounting classification	Debt securities issued	Debt securities issued	Other equity instruments	Debt securities issued	Debt securities issued
11	Original date of issuance	25 October 2018	20 February 2019	13 November 2019	17 June 2020	10 September 2020
12	Perpetual or dated	Dated	Dated	Perpetual	Dated	Dated

13	of which: Original maturity date	29 October 2028	27 February 2029	No maturity	24 June 2030	14 September 2030
14	Issuer call subject to regulatory approval	Yes	Yes	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	29 October 2023, redemption in full or in part.	27 February 2024, redemption in full or in part.	The first call date is 15 November 2024, redemption in full or in part	24 June 2025, redemption in full or in part.	14 September 2025, redemption in full or in part.
16	of which: Subsequent call dates, if applicable	N/A	N/A	Every 15 November after the first call date	N/A	N/A
	Coupons / dividends					
17	of which: Fixed or floating dividend/coupon	Fixed	The interest rate is fixed for the first five years and is based on the interest rate at the coupon rate reset date (i.e., the five-year US government bond benchmark rate plus the initial fixed interest spread at the coupon reset date of the fifth year) for the consecutive five years.	Adjustable coupon rate (benchmark rate plus the fixed initial interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the coupon rate during each adjusting period remains unchanged.	The interest rate is fixed for the first five years and is based on the interest rate at the coupon rate reset date (i.e., the five-year US government bond benchmark rate plus the initial fixed interest spread at the coupon reset date of the fifth year) for the consecutive five years.	Fixed
18	of which: Coupon rate and any related index	4.7%	The interest rate fixed at 4.25% for the first five years, is reset based on the five-year US government bond rate plus the fixed initial interest spread (1.88%) at the reset date for the consecutive five	The coupon at 4.22% for the first five years, is reset based on the five-year Chinese government bond rate plus the fixed initial interest spread (1.16%) at the coupon rate reset date for the consecutive five years, and the coupon rate during	The interest rate fixed at 2.45% for the first five years, is reset based on the five-year US government bond rate plus the fixed initial interest spread (2.15%) at the reset date for the consecutive five years.	4.20%

			years.	each reset period remains unchanged (the first coupon rate reset date is 15 November 2024 and the subsequent reset date is 15 November of every 5 years thereafter).		
19	of which: Existence of dividend brake mechanism	No	No	Yes	No	No
20	of which: Fully discretionary, partially discretionary or non-discretionary	non-discretionary	non-discretionary	Fully discretionary	Non-discretionary	Non-discretionary
21	of which: Existence of redemption incentive mechanism	No	No	No	No	No
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	No	No	No	No	No
24	of which: if convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A
26	of which: If convertible, specify the terms to determine the conversion rate	N/A	N/A	N/A	N/A	N/A
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	N/A

28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes
31	of which: If write-down, specify the trigger point of write-down	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	1. Triggering event of Additional Tier 1 capital instruments is where the Common Equity Tier 1 capital adequacy ratio drops to 5.125% (or below). 2. The triggering event of Tier 2 capital instrument refers to the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be available. When the principal of the bond is partially or fully written down, the bond will be written off perpetually and never recovers again.	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.

32	of which: If write-down, specify if it is full or partial	Partial/Full	Partial/Full	1. Partial/full when Additional Tier 1 capital instruments trigger events occur. 2. Full when Tier 2 capital instruments triggering events occur.	Partial/Full	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority rankings)	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind depositors, the general creditors and the subordinated debt senior to the undated Additional Tier 1 capital bond, and in priority to all classes of shares held by the Bank's shareholders, the same priority with Additional Tier 1 capital instruments ranking pari passu.	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu
36	Non-eligible transitioned features	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Undated capital bonds	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB	CCB
2	Identification code	ISIN: CND10004JSG1	ISIN: CND10004JSB2	ISIN: CND10004NXP4	ISIN: CND10004NXQ2	ISIN: CND10004QDV7	ISIN: CND10004QDX3
3	Governing law(s)	the PRC law	the PRC law	the PRC law	the PRC law	the PRC law	the PRC law
	Regulatory treatment						
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	of which: Applicable to post-transitional rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	of which: Applicable to the legal entity/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (In millions of RMB, as at the latest reporting date)	64,987	14,996	34,992	9,997	11,997	7,998
9	Par value of	RMB65 billion	RMB15 billion	RMB35 billion	RMB10 billion	RMB12 billion	RMB8 billion

	instrument						
10	Accounting classification	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
11	Original date of issuance	6 August 2021	6 August 2021	5 November 2021	5 November 2021	10 December 2021	10 December 2021
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
13	of which: Original maturity date	10 August 2031	10 August 2036	9 November 2031	9 November 2036	14 December 2031	14 December 2036
14	Issuer call subject to regulatory approval	Yes	Yes	Yes	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	10 August 2026, redemption in full or in part.	10 August 2031, redemption in full or in part.	9 November 2026, redemption in full or in part.	9 November 2031, redemption in full or in part.	14 December 2026, redemption in full or in part.	14 December 2031, redemption in full or in part.
16	of which: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons / dividends						
17	of which: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	of which: Coupon rate and any related index	3.45%	3.80%	3.60%	3.80%	3.48%	3.74%
19	of which: Existence of dividend brake mechanism	No	No	No	No	No	No
20	of which: Fully discretionary, partially discretionary or non- discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary
21	of which:	No	No	No	No	No	No

	Existence of redemption incentive mechanism						
22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	No	No	No	No	No	No
24	of which: if convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	N/A	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	of which: If convertible, specify the terms to determine the conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	N/A	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes

31	of which: If write-down, specify the trigger point of write-down	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following situations: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Write-down is triggered at the earlier of following: (1) CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered
32	of which: If write-down, specify if it is full or partial	Partial/Full	Partial/Full	Partial/Full	Partial/Full	Partial/Full	Partial/Full
33	of which: If write-down, specify if it is permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority rankings)	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu

			instruments ranking pari passu	pari passu	ranking pari passu		
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

No.	Main features of eligible regulatory capital instruments	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Undated capital bonds	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	CCB	CCB	CCB	CCB	CCB	CCB
2	Identification code	ISIN：XS2431453336	ISIN：CND100058P53	ISIN：CND100058P61	ISIN: CND10005MRQ3	ISIN：CND10005V0T6	ISIN：CND10005V0S8
3	Governing law(s)	the UK law (Subordinated tranches subject to the PRC laws and regulations)	the PRC law	the PRC law	the PRC law	the PRC law	the PRC law
	Regulatory treatment						
4	of which: Applicable to transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
5	of which: Applicable to post-transitional period rules under the *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Additional Tier 1 capital	Tier 2 capital	Tier 2 capital
6	of which: Applicable to the Bank/Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level	The Bank and Group level
7	Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Additional Tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
8	Amount recognised in regulatory capital (in millions of RMB, as at the latest	13,751	44,989	14,996	40,000	24,995	14,997

	reporting date)						
9	Par value of instrument	USD2 billion	RMB45 billion	RMB15 billion	RMB40 billion	RMB25 billion	RMB15 billion
10	Accounting classification	Debt securities issued	Debt securities issued	Debt securities issued	Other equity instruments	Debt securities issued	Debt securities issued
11	Original date of issuance	13 January 2022	15 June 2022	15 June 2022	29 August 2022	3 November 2022	3 November 2022
12	Perpetual or dated	Dated	Dated	Dated	Perpetual	Dated	Dated
13	of which: Original maturity date	21 January 2032	17 June 2032	17 June 2037	No maturity	7 November 2032	7 November 2037
14	Issuer call subject to regulatory approval	Yes	Yes	Yes	Yes	Yes	Yes
15	of which: Optional call date, contingent call dates and redemption amount	21 January 2027, redemption in full or in part.	17 June 2027, redemption in full or in part.	17 June 2032, redemption in full or in part.	The first call date is 31 August 2027, redemption in full or in part	7 November 2027, redemption in full or in part.	7 November 2032, redemption in full or in part.
16	of which: Subsequent call dates, if applicable	N/A	N/A	N/A	Every 31 August after the first call date	N/A	N/A
	Coupons / dividends						
17	of which: Fixed or floating dividend/coupon	The interest rate is fixed for the first five years and is based on the interest rate at the coupon rate reset date (i.e., the five-year US government bond benchmark rate plus the initial fixed interest spread at the coupon reset date of the fifth year) for the consecutive	Fixed	Fixed	Adjustable dividend rate (benchmark rate plus the fixed initial interest spread) by stages is adopted, benchmark rate is adjustable every five years, and the dividend rate during each adjusting period remains unchanged.	Fixed	Fixed

		five years.					
18	of which: Coupon rate and any related index	The interest rate fixed at 2.85% for the first five years, is reset based on the five-year US government bond rate plus the fixed initial interest spread (1.40%) at the reset date for the consecutive five years.	3.45%	3.65%	The coupon at 3.20% for the first five years, is reset based on five-year Chinese government bond rate plus a fixed initial interest spread (0.79%) at the coupon rate reset date every five years, and the coupon rate during each reset period remains unchanged (the first coupon rate reset date is 31 August 2027 and the subsequent reset date is 31 August of every 5 years thereafter).	3.00%	3.34%
19	of which: Existence of dividend brake mechanism	No	No	No	Yes	No	No
20	of which: Fully discretionary, partially discretionary or non-discretionary	Non-discretionary	Non-discretionary	Non-discretionary	Fully discretionary	Non-discretionary	Non-discretionary
21	of which: Existence of redemption incentive mechanism	No	No	No	No	No	No

22	of which: Cumulative or noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	No	No	No	No	No	No
24	of which: If convertible, specify the trigger condition for conversion	N/A	N/A	N/A	N/A	N/A	N/A
25	of which: If convertible, specify if it is fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	of which: If convertible, specify the terms to determine the conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	of which: If convertible, specify if it is non-discretionary or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	of which: If convertible, specify instrument type after conversion	N/A	N/A	N/A	N/A	N/A	N/A
29	of which: If convertible, specify issuer of instrument after conversion	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes
31	of which: If write-down, specify the trigger point of write-down	Write-down is triggered at the earlier of following situations: (1)	Write-down is triggered at the earlier of following situations: (1)	Write-down is triggered at the earlier of following situations: (1)	1. Triggering event of Additional Tier 1 capital instruments is when Common	Write-down is triggered at the earlier of the following	Write-down is triggered at the earlier of the following

		CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	CBIRC determines issuer cannot survive if no write-down is conducted; (2) related authorities confirm that issuer cannot survive if public capital injection or equivalent support will not be offered.	Equity Tier 1 capital adequacy ratio drops to 5.125% (or below). 2. The triggering event of Tier 2 capital instrument refers to the earlier of the following situations: (1) the CBIRC determines that the issuer cannot survive if no write-down is conducted; (2) related authorities confirm that the issuer cannot survive if public capital injection or equivalent support will not be available. When the principal of the bond is partially or fully written down, the bond will be written off perpetually and never recovers again.	situations: (1) the CBIRC determines that the issuer cannot survive if no write-down is conducted; (2) related authorities confirm that the issuer cannot survive if public capital injection or equivalent support will not be offered.	situations: (1) the CBIRC determines that the issuer cannot survive if no write-down is conducted; (2) related authorities confirm that the issuer cannot survive if public capital injection or equivalent support will not be offered.
32	of which: If write-down, specify if it is full or partial	Partial/Full	Partial/Full	Partial/Full	1. Partial/full when Additional Tier 1 capital instruments trigger events occur. 2. Full when Tier 2	Partial/Full	Partial/Full

					capital instruments triggering events occur.		
33	of which: If write-down, specify if it is permanent or temporary	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	of which: If temporary write-down, specify the description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Hierarchy of claims in liquidation (specify instrument types with higher priority rankings)	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind the depositor and general creditor, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind depositors, general creditors and subordinated debt senior to undated Additional Tier 1 capital bond, and in priority to all classes of shares held by the Bank's shareholders, the same priority with Additional Tier 1 capital instruments ranking pari passu.	The lower priority behind depositors and general creditors, the same priority with other Tier 2 capital instruments ranking pari passu	The lower priority behind depositors and general creditors, the same priority with other Tier 2 capital instruments ranking pari passu
36	Non-eligible transitioned features	No	No	No	No	No	No
37	of which: If yes, specify non-eligible features	N/A	N/A	N/A	N/A	N/A	N/A

DEFINITIONS

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

Bank	China Construction Bank Corporation
Group, CCB	China Construction Bank Corporation and its subsidiaries
Basis Point	1% of one percentage point
CCB Brazil	China Construction Bank (Brazil) Banco Múltiplo S/A
CCB Russia	China Construction Bank (Russia) Limited Liability Company
CCB London	China Construction Bank (London) Limited
CCB Europe	China Construction Bank (Europe) S.A.
CCB New Zealand	China Construction Bank (New Zealand) Limited
CCB Asia	China Construction Bank (Asia) Corporation Limited
CCB Property & Casualty	CCB Property & Casualty Insurance Co., Ltd.
CCB Principal Asset Management	CCB Principal Asset Management Co., Ltd.
CCB Futures	CCB Futures Co., Ltd.
CCB Life	CCB Life Insurance Company Limited
CCB Trust	CCB Trust Co., Ltd.
CCB Pension	CCB Pension Management Co., Ltd.
CCB Financial Leasing	CCB Financial Leasing Corporation Limited
CCB International	CCB International (Holdings) Limited
CCB Malaysia	China Construction Bank (Malaysia) Berhad
PBOC	People's Bank of China
CBRC	Former China Banking Regulatory Commission
CBIRC	China Banking and Insurance Regulatory Commission
RMB	Renminbi
Sino-German Bausparkasse	Sino-German Bausparkasse Co., Ltd.
PRC GAAP	Accounting Standards for Business Enterprises promulgated by the MOF on 15 February 2006 and other relevant requirements