

Capital Management

The Bank's capital management objectives are to ensure reasonable capital adequacy, support the implementation of the Group's strategies, resist various risks including credit risk, market risk and operational risk, ensure the compliance of the Group and related institutions with capital regulatory requirements, promote the Group's transformation towards capital-light business development and improve its capital use efficiency and value creation capabilities.

The Bank implemented its 14th Five-Year Capital Management Plan. Focusing on the "One Mainstay, Two Engines" strategy and the "Eight Priority Areas for Enhancing Financial Services Capabilities", it continuously improved management measures, enhanced the economic capital budget and assessment mechanism, strengthened the application of value creation indicators in resource allocation, and heightened the Group's awareness of capital saving and value creation in order to enhance its capability for endogenous capital accumulation. The Bank expanded the application of advanced approaches of capital

measurement, optimised its on- and off-balance sheet asset structure, strived to reduce capital consumption, actively developed capital-light businesses, and reasonably controlled the risk weight of assets. It optimised its internal capital adequacy assessment process and improved its capital management governance structure. The Bank replenished capital through external financing channels in a prudent manner in order to consolidate its capital base. In the first half of 2022, the Bank successfully issued RMB50.0 billion of undated capital bonds and RMB30.0 billion of tier 2 capital bonds. In addition, the Shareholders' Meeting approved a capital replenishment plan of RMB80.0 billion of undated capital bonds and RMB120.0 billion of tier 2 capital bonds. The Bank continually reinforced internal management, with RWA growing at a slower pace than total assets. As at 30 June 2022, the Group's capital adequacy ratio reached 16.99%, an increase of 0.46 percentage points compared with the prior year-end, remaining at a robust and reasonable level in line with the objectives of its 14th Five-Year Plan.

Management Discussion and Analysis

Capital Adequacy Ratios

As at 30 June 2022, the capital adequacy ratios calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* are listed below:

Unit: RMB million, except percentages

Items	Group		Bank	
	As at	As at	As at	As at
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Net common equity tier 1 capital	1,882,487	1,843,886	1,586,958	1,563,789
Net tier 1 capital	2,262,948	2,173,731	1,956,453	1,883,294
Net capital	2,821,900	2,698,839	2,499,824	2,391,365
Common equity tier 1 capital adequacy ratio	11.33%	11.30%	11.01%	11.06%
Tier 1 capital adequacy ratio	13.63%	13.32%	13.57%	13.32%
Capital adequacy ratio	16.99%	16.53%	17.34%	16.91%

Please refer to Note IV.5 to the Condensed Consolidated Interim Financial Information and Supplementary Information II.5 to the Condensed Consolidated Interim Financial Information for detailed information.

Leverage Ratio

As at 30 June 2022, the leverage ratio calculated in accordance with the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* and the *Capital Rules for Commercial Banks (Provisional)* is listed below:

Unit: RMB million, except percentages

Items	As at 30 June 2022	As at 31 December 2021
Net tier 1 capital	2,262,948	2,173,731
Adjusted on- and off-balance sheet exposures	29,870,557	28,425,377
Leverage ratio	7.58%	7.65%

Please refer to Supplementary Information II.6 to the Condensed Consolidated Interim Financial Information for detailed information.