

Q&A Record for 2021 Results Briefing of ICBC

Time: 18:00 - 19:50, March 30, 2022

Form: Live video streaming

Management members present: President Liao Lin, Senior Executive Vice Presidents Zheng Guoyu, Zhang Wenwu, Xu Shouben and Zhang Weiwu, Board Secretary Guan Xueqing

Directors present online: Lu Yongzhen, Feng Weidong, Cao Liquan, Chen Yifang, Dong Yang, Anthony Francis Neoh, Yang Siu Shun, Shen Si, Nout Wellink, Fred Zulu Hu

Attendance: 6,484 person-time

Recorder: Investor Relations Management Team of Corporate Strategy and Investor Relations Department of ICBC

[Question 1] Xinhua News Agency: The economy is facing increasingly downside pressure due to the pandemic, which has definitely compromised the businesses of the Bank and the corresponding management ideas, would you please introduce the operation highlights of ICBC under the high-quality development? What about the fee rate reduction for the real economy? In addition, what are the plans and measures for the overall operations of ICBC for this year? Thank you!

President Liao Lin: I will answer the first question. First of all, on behalf of the Chairman of the Board of Directors, Mr. Chen Siqing, I would like to extend my heartfelt gratitude to our friends from the media, investors, and analysts for your trust and support to ICBC for the long time. I also thank the Xinhua News Agency for the first question.

The first aspect of your question was the high-quality development and the operation highlights of ICBC in 2021. Last year was a milestone in the history of the Communist Party of China (CPC) and our country, which was also the first year for ICBC to implement the new development plan. This year, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, closely adhering to the requirements related to “emerging manufacturing industry, emerging service industry, emerging infrastructure industry and emerging high-tech enterprises”, ICBC conscientiously implemented the decisions and plans of the CPC Central Committee and the State Council, acted on the general principle of pursuing progress while ensuring stability and the “48-character” guideline, and pursued COVID-19 control, financial support and business development in a coordinated way. All these efforts had given rise to a good start of the implementation of the new development plan. ICBC was able to promote its high-quality development on the basis of serving high-quality economic development, achieving steady progress and excellent results.

According to the business indicators just released, the business development of ICBC last year had the following highlights:

First, the foundation for strong development was further consolidated. The capital adequacy ratio exceeded 18%, taking the Bank to the forefront among the world's large banks. The NPL ratio was 1.42%, dropping by 16BP year on year. The allowance to NPLs rebounded over 200% for the first time in seven years and the ability to offset risks was further enhanced.

Second, the quality of business performance was further improved. The operating efficiency of the Bank continued improving and both the return on assets (ROA) and the return on equity (ROE) were higher than the previous year. The net interest margin (NIM) was 2.11%, making the change gain a leading position among peer banks.

Third, our scale merits were further augmented. The operating income of the Group was more than RMB860 billion, growing by 7.6% and the net profit exceeded RMB350 billion, increasing by 10.2%. Consequently, the Group consolidated its leading position among peer banks. At the end of 2021, the Group maintained the first place worldwide in terms of assets, capital, deposits, and loan scale. Meanwhile, the total market capitalization and dividend ranked the Bank the first place among domestic peer banks.

Furthermore, ICBC further demonstrated its characteristics of specialty. For instance, in terms of personal banking, the number of personal customers was more than 700 million, with approximately RMB8 trillion of personal loans and RMB12.5 trillion of personal deposits. The value for assets under management (AUM) was approximately RMB17 trillion, maintaining the leading position. In terms of corporate banking, the credit scale remained the leading position in many fields. Among others, the manufacturing loans were more than RMB2 trillion, the green loans reached RMB2.48 trillion, and the inclusive loans exceeded RMB1 trillion, with a growth rate of over 50%. As for key state-supported high-tech areas and strategic emerging industries, the loans to these industries exceeded RMB1 trillion. All of them demonstrate that ICBC sped up efforts to form its new characteristics of specialty and new driving forces. The future of ICBC is promising.

The operating results of last year reflect the coordination and balance of value creation, market position, risk control and capital constraints, demonstrating the quality and momentum of high-quality development in terms of the integration of quality, structure, scale, speed, efficiency, and security. In addition, the operating results of last year also manifest ICBC's prudent development and strong resilience. We believe that three aspects contributed to the results.

First, ICBC improved the quality and effect of serving the real economy, boosting the operation development in both quality and volume. Serving the real economy is not only a bounden duty for financial enterprises, but also a fundamental measure to prevent risks. In the face of complicated and challenging external circumstances, with stronger patriotism and responsibility, the Bank fully implemented the "Three Tasks" of financial work (serve the real economy, strengthen financial risk management, and deepen financial reforms). While stimulating economic recovery, the Bank promoted itself to achieve a steady improvement of quality and reasonable growth of business volume. For example, last year, new RMB loans of the Bank were RMB2.1 trillion, with a year-on-year increase of RMB243.3 billion, spurring the interest income on a

growth of 6.4%.

Second, ICBC's new development plan had a good start, speeding up the results brought by the transformation. Last year, based on the 14th Five-Year Plan, ICBC initiated its new development plan and fully implemented the pattern of "bringing out our strengths to make up for our weaknesses and laying a solid foundation and base". New breakthroughs were made in the implementation of the No.1 Personal Bank Strategy and new results were achieved in increasing deposits and income and improving quality and position. For instance, the non-interest income gained mainly from fee-based businesses reached RMB170.2 billion, growing by 11%.

Third, ICBC enhanced the capabilities of operations and management and controlled the cost in a more meticulous manner. Last year, the unfavorable factors for the increase in profits piled up. The Bank kept its belt tightened and emphasized the connotative development by completing fundamental works. In particular, the Bank sped up the digital transformation, kept spending low to achieve hard-won growth. The cost-to-income ratio maintained a superior level. For example, the Bank strengthened the operations and management of risk-weighted assets (RWA). Last year, the Bank recovered over RMB10 billion for assets of account write-off and case filing, which was the largest amount in recent years.

The second aspect is the business plans and measures for this year. The tasks of this year will mainly focus on three keywords, which are, stability, improvement, and remediation. In terms of "stability", ICBC remained committed to making stability the top priority and pursuing progress while ensuring stability, facilitating the achievement of stable macroeconomic performance. As for "improvement", ICBC kept improving the quality and effect of serving the real economy, contributing to the improvement results of high-quality development. As for "Remediation", driven by remedying the problems identified by the central inspection, the Bank will carry out in-depth reform, implement new development plan, and adopt effective measures for remediation. The Bank will speed up efforts to build itself into a world-class modern financial enterprise with Chinese characteristics and take solid steps to embrace the opening of the 20th National Congress of the Communist Party of China.

We are confident that the operating results of this year will be satisfactory. The confidence comes from three aspects.

First, the prospect of the Chinese economy seeks progress while maintaining stability, which is the largest strength and confidence for ICBC's growth of operating results. The external situation of this year will be more complicated. According to the data of the last two months, the Chinese economy has demonstrated the trends of recovery. Economic growth will definitely lay a solid foundation for the prudent development of financial enterprises. We will keep the utmost interests of the nation in mind and focus on main responsibilities and businesses to maintain the appropriate growth of the aggregate amount of lending and bond investment, optimizing structure and surrendering part of the profits to the real economy. Meanwhile, the Bank will coordinate the development and security, stabilize the asset quality, and promote the Bank's high-quality development while contributing to the stable macroeconomic performance.

Second, the positive results of the new development plan are the guarantee for the continuous and better results of ICBC. We will spare no efforts to promote the pattern of "bringing out our strengths to make up for our weaknesses and laying a solid

foundation and base”, effectively implement the No.1 Personal Bank Strategy and other key development strategies, steadily carry out GBC and other fundamental projects, drive the Bank to become a large bank characterized for stronger and better results, so that the Bank can develop the finance with Chinese characteristics.

Third, the in-depth reform and innovation is the biggest foundation for the great potential of ICBC’s results. In the past, the development of ICBC relied on reform and innovation, which will also drive ICBC to a promising future. This year, ICBC will focus on three aspects. First, the Bank will further develop the service system for customer marketing to build a better ecology of customers; second, the Bank will improve the enterprise risk management system to make the risk control more forward-looking and effective; third, it will deepen the digital transformation, strive to create new models and new business forms, and drive to form more new points of growth and new driving forces.

The third aspect is about the fee rate reduction for the real economy. ICBC unswervingly implemented the policies on fee rate reduction for the real economy to facilitate the stable economic growth and the robust development of market entities. In 2021, we mainly focused on the implementation of reduction of interest rates, fee rate reduction, and delayed repayment of principal and interest.

First, ICBC reduced the interest rates. Last year, based on the reduction of the previous year, the average interest rate on newly issued corporate loans and the average interest rate on inclusive loans dropped by 15BP and 18BP, respectively. Second, ICBC reduced the fee rate. At present, the number of free service items has increased from 109 to 149. In addition, we took the initiative to exempt and reduce charges for services provided to small and micro enterprises facing difficulties in operation. Third, ICBC delayed repayment of principal and interest. For eligible customers, ICBC continued processing the delayed repayment of principal and interest to ease their burden financially.

We believe that customers are the source of the value creation of the Bank. Therefore, the Bank should focus on both their short-term returns and long-term comprehensive value. For banks, fee rate reduction is not only the inherent requirements for the large state-owned banks to fulfill our political and social responsibilities, but also the inevitable choice to maintain commercial sustainability. In the future, we will continue implementing the requirements on fee rate reduction and help customers get over difficulties and facilitate the steady drop of financing costs of the real economy. Thank you.

[Question 2]: CICC: Thank you for giving me this opportunity. I am Zhang Shuaishuai from CICC. Firstly, I would like to congratulate ICBC on the excellent results in terms of financial data and business development. Net profit growth of 10.2% is the highest level for the past ten years. The stable performance growth and the excellent business indicators indeed demonstrate that ICBC is a stronger and better large bank. 2021 was the first year for Mr. Liao to serve as the President, and the capital market was extremely impressed by the pattern of “bringing out our strengths to make up for our weaknesses and laying a solid foundation and base” presented last year. What new breakthroughs were made for the pattern in last year? What strategic value has been achieved? Thank you!

President Liao Lin: This question is directly for me and let me answer it.

First of all, thank you for paying continuous attention to ICBC's strategies. It has been a year. A debriefing on the pattern of "bringing out our strengths to make up for our weaknesses and laying a solid foundation and base" is quite necessary. The pattern was the core of ICBC's new development plan. Last year was the first year to implement the new development plan. Major headway was made in the pattern. It has preliminarily become the pillar for the high-quality development of ICBC. With regard to the specific implementation of the pattern, there was a special chapter in the annual report dedicated to the details, you are welcome to check to understand more. Here, I would like to make a brief introduction.

Last year, ICBC consolidated its strengths in terms of institutional banking, corporate banking, settlement finance, and transaction banking. They mainly involved corporate businesses, which are the conventional strengths of ICBC that should be carried forward. Last year, in serving new development pattern and satisfying the needs of the real economy, these businesses further consolidated their own strengths and functioned as good driving forces. For example, the institutional deposits kept the first position among peer banks and the corporate outstanding RMB loans firstly exceeded RMB10 trillion among peer banks, which was a huge breakthrough.

In order to make up for weaknesses and coordinate, ICBC adhered to combining overall progress with breakthroughs in key areas. Starting from the strategic priorities of the No.1 Personal Bank, the preferred bank for foreign exchange business, the Strategy for Sharpening Competitive Edge in Key Regions and the development of Urban-Rural Collaborative Development Strategy, ICBC drove all segments to make up for weak links and enhance the strengths, so as to nurture and forge the new advantages of high-quality development. Especially for the No.1 Personal Bank Strategy, many indicators, including the number of customers and deposits and loans, reached a record high. For instance, the number of customers for agency salary payments exceeded 100 million and the agency funds surpassed RMB5 trillion. The NPL ratio and volume for personal loans both dropped. In terms of the development of Urban-Rural Collaborative Development Strategy, ICBC earnestly implemented, consolidated, and expanded the effective connection and deployment of achievements of poverty alleviation and rural revitalization, created exclusive financial service system for rural revitalization, and launched ICBC's unified "Xingnongtong" brand. Last year, the agriculture-related loans reached RMB2.66 trillion, growing by 17.9%, which was higher than the average growth rate of RMB loans.

In terms of laying a solid foundation, the focus was FinTech and financial innovation. As for FinTech, we are extremely proud of two iconic achievements made last year. First, the ecological construction project of intelligent banking (ECOS) was awarded the only Special Award of the first Banking Technological Development Award from PBoC; second, the data management capability received the highest level of DCMM certification of the Ministry of Industry and Information Technology, which was the only financial enterprise that has obtained such certification. We are glad that, as a bank with strong science and technology and sufficient data, ICBC was recognized by the industry once again. In terms of financial innovation, the focus was main responsibilities and businesses. ICBC enhanced innovation in manufacturing finance, scientific innovation finance and green finance to increase volume, enrich functions, and provide distinguished services. The credit scale of relevant fields maintained leading position.

In addition, ICBC consolidated the base of risk management and customer base. With regard to risk control, adhering to the four-pronged risk management approach to people, money, defense line and bottom line, ICBC implemented the route of “active prevention, smart control and comprehensive management”. It especially enhanced the management of four account books, which were, the clear account book of domestic and overseas institutions, the account book of on-B/S and off-B/S businesses, the account book of online and offline businesses, and the account book of commercial banking and investment banking businesses and other businesses. The enterprise risk management system was dynamically upgraded and the management level of digital-based smart risk control was improved. All these efforts have safeguarded the safe business development. In terms of customer base, focusing on GBC collaboration, ICBC conducted a series of fundamental programs, including scenario development, customer expansion and deposits increase, and enhancement of competitiveness of the outlets. Last year, the number of new corporate customers and new personal customers was 1,048,000 and 23.41 million, respectively. The customer ecosystem based on the collaboration of large, medium, small and micro-sized enterprises kept improving, consolidating the foundation of the high-quality development.

Above are the main breakthroughs for the strategic pattern of “bringing out our strengths to make up for our weaknesses and laying a solid foundation and base”. This year, ICBC will continue pushing forward the strategic pattern, implement the four strategic priorities in an in-depth manner so that ICBC can have a strong performance. By doing so, ICBC can reach a new level both in contributing to stable economic growth and advancing its own high-quality development. Thank you.

[Question 3] 21st Century Business Herald: According to the Central Economic Work Conference, the economic development in China is under the triple pressures of shrinking demand, disrupted supply and weakening expectations, requiring financial enterprises to further improve their service level to the real economy. What about the credit granting of ICBC last year? In the face of new circumstances and requirements, what ideas and plans do you have for the development of this year? Thank you!

President Liao Lin: On the whole, the credit granting last year was good. Closely following the requirements of “emerging manufacturing industry, emerging service industry, emerging infrastructure industry and emerging high-tech enterprises”, ICBC conscientiously implemented the decisions and plans of the CPC Central Committee and the State Council, arranged the aggregate investment and financing volumes, pace and structure by especially centering on the cross- counter-cyclical adjustments. ICBC enhanced the support to ensure stability on six key fronts and maintain security in six key areas, continuously making the financial services more adaptive, competitive, and inclusive. Last year, the credit granting demonstrated three characteristics on the whole:

First, total credits remained steady growth. Last year, the growth in investment and financing was approximately RMB2.9 trillion. Specifically, the increase of RMB loans for domestic branches was RMB2.1 trillion, with a year-on-year increase of RMB243.3 billion, taking the Bank to the first place for both increment and extra credit among peer banks. The new bond investments exceeded RMB760 billion, demonstrating the function of main channels for the transmission of the monetary policy.

Second, the pace of credit granting was more balanced. Last year, I was glad to see that, instead of the simple pursuit of marketing timing growth, the Bank's focus shifted to the daily average growth. In this way, ICBC can better grasp the timeliness, degree and effectiveness of credit granting. The economic growth came down after an increase last year, based on this, ICBC decisively adjusted the pace of credit granting for the first half year and the second half year. By doing so, on the one hand, the Bank better satisfied the needs of the real economy of the period. On the other hand, it provided effective support to form a more physical workload at the beginning of this year.

Third, the priorities of credit structure were highlighted. More support was provided to key areas and weak processes of the real economy. Especially for the manufacturing loans and green finance that I have mentioned earlier. Manufacturing loans are ICBC's business area with conventional advantages. The scale exceeded RMB2 trillion last year. The other new point of growth was green finance, with a scale of RMB2.48 trillion. Meanwhile, in terms of serving scientific innovation, the focus was on key state-supported high-tech areas and strategic emerging industries. The loan outstanding for both two fields mentioned above surpassed RMB1 trillion. The number of credit customers for "specialized, refined, special and innovative" enterprises exceeded 15,000, with a financing balance of approximately RMB100 billion. The growth rate was significantly higher than the average growth rate of miscellaneous loans. In terms of inclusive finance, more efforts were made to develop digital inclusive finance and supply chain finance. Last year, the growth rate of inclusive small and micro loans outstripped 50% and the number of loan customers increased 204,000, achieving the best growth in recent years.

With regard to the ideas of credit granting this year that you just asked. At the Central Economic Work Conference held at the end of last year, the National People's Congress and the Chinese Political Consultative Conference (NPC & CPPCC) of this year, and the meeting of the State Council's Financial Stability and Development Committee conducted recently, arrangements were made for the financial tasks of this year. ICBC will unswervingly implement the decisions and plans of the CPC Central Committee and the State Council and make economic stability our top priority. Following the overall plan of "making early, synergic, and targeted efforts" to drive the appropriate growth of the increase volume for investment and financing, continuous optimization of structure, and making profit concessions for the real economy. In this way, ICBC will play a bigger role in stabilizing macroeconomic performance.

First, early efforts should be made. Adhering to the volume increase and daily average increase, and following the idea of the year-on-year increase, ICBC will make plans for the increase volume and scale of investment and financing throughout the year. The appropriate early credit granting will be arranged by centering on the cross-counter-cyclical adjustments to give full support to the continuous economic stability. When the credit data of the first quarter is available, I believe that you can see the change in credit granting.

Second, synergic efforts should be made. On the one hand, ICBC will implement the coordination of policies. It will effectively combine the credit granting with bond investments through the issuance and use of special bonds, promoting the more effective interaction of fiscal and monetary policies. On the other hand, ICBC will take coordinated steps among regions for the credit granting in key strategic areas and

regions with slow credit growth, so as to advance the coordinated development among regions. For regions and institutions with slow credit growth, ICBC will allocate strategic resources to support the growth.

Third, targeted efforts should be made. Efforts will be made to serve national strategies in a targeted manner. More support will be provided to key areas and weak processes in manufacturing, scientific innovation, green development, and inclusive finance. In this way, ICBC will continue serving the high-quality development and the high-level opening up of the Belt and Road Initiative. ICBC will make good use of digital means to better satisfy the needs of small and micro enterprises, privately-owned businesses, new agricultural business entities and new citizens. We will continue improving service coverage, accessibility, and satisfaction so as to contribute to supporting jobs, people's livelihoods, and market entities as a large bank. Thank you!

[Question 4] Morgan Stanley: I would like to ask a question about wealth management. Lately, both the capital market and the industry paid high attention to wealth management, which is the key point of transforming to asset-light model as well as one of the biggest starting points for fee-based income. As we can see, the wealth management of some peer banks has been well developed, with prominent contribution of profits, which positively shore up the valuation. As the conventional large bank for corporate banking, how does ICBC consider wealth management businesses? What strategies will ICBC adopt in future? Thank you very much.

Senior Executive Vice President Zheng Guoyu: Thank you, Mr. Xu Ran from Morgan Stanley. As you mentioned earlier, ICBC is a conventional large bank for corporate banking. If you carefully study our reports, you will understand that ICBC is also a large bank for wealth management.

I would like to give you some data first. In 2021, the personal banking assets managed by domestic branches of ICBC, namely, AUM, were RMB17 trillion. The Bank received a non-interest income of RMB24.5 billion through wealth management businesses. Among them, the number for customers of wealth management was 2.1 million, with an AUM close to RMB4 trillion. The number of customers for private banking was 199,500, with an AUM of RMB2.3 trillion. If subsidiaries of the Group and overseas institutions are counted in, the personal AUM of ICBC reached RMB18.6 trillion.

As you can see from the data, the wealth management businesses of ICBC maintained the leading position in the industry. The data also demonstrate two characteristics of ICBC's wealth management. The first one is that ICBC makes full use of its specialized and comprehensive advantages to offer opportunities to customers to participate in the sharing of achievements of national reform and development. The second is to make the utmost of online and digital advantages of ICBC to provide specialized services of wealth management to more customers, achieving the goal of benefiting people by managing people's wealth.

As for our future plans for wealth management businesses, we will focus on six aspects:

First, the Bank will manage the wealth in a more systematic manner. ICBC will set up a management system based on category, tier, and group to meet the needs of differentiated wealth management for different customers. It will also establish a

system for integrated online and offline service so as to achieve all channels response from one-point access. The shelf system of open-end products will be set up to integrate resources of the Group and cooperative institutions so as to select the best investment and wealth management products for the customer. In addition, ICBC will set up a brand system for wealth management to contribute to the process of common prosperity by highlighting the positioning of “People’s Finance”.

Second, the Bank will manage the wealth in a more ecological manner. Based on needs of the customer and the first-class level of the industry, focusing on the entire market and the entire product line, ICBC will step up efforts to build the online wealth community, create new platforms that investors, sales agencies, and asset management institutions can interact and exchange, and nurture new ecology of shared, open, mutually beneficial, and win-win wealth management.

Third, ICBC will manage the wealth in a more professional manner. ICBC will enhance the development and capabilities of the investment research team so as to provide investors with professional investment analysis and suggestions. It will also create a team of professional wealth management consultants and managers so as to provide tailored asset diagnosis and wealth management planning to the customer.

Fourth, ICBC will manage the wealth in a more digital manner. ICBC keeps improving the decision-making platform of “intelligent brain”. Relying on big data analysis and intelligent models, ICBC can generate differentiated and targeted service plans to serve the broadest customer bases. Appropriate products can be recommended to appropriate customers in a proper manner so that the needs of investment and wealth management for different customers can be satisfied in a more targeted manner, making the wealth management more digital and intelligent.

Fifth, ICBC will manage the wealth in a more inclusive manner. ICBC serves both the medium- high-net worth customers and the broadest customer base in terms of wealth management businesses. We are now working harder to continue lowering the threshold for wealth management services by more intelligent and diversified access system and services approaches, so as to satisfy the needs of assets hedging and appreciation for more customers.

Sixth, ICBC will manage the wealth in a more prudent manner. ICBC remains committed to the operation principle of “stability” and carries out risk control throughout the entire process from the asset organization, product creation, asset allocation, investor suitability and post-investment management so as to better protect the customer’s legitimate rights and interests and the security of their assets.

Therefore, you can trust and look forward to ICBC’s wealth management businesses. Thank you.

[Question 5] CSO: Respected management, I would like to ask a question about asset quality. I just checked the annual report, according to which, the asset quality of ICBC, on the whole, performed better, showing an obviously stable and improving tendency. However, I noticed a detail. The property loans seem to rise in both NPL balance and NPL ratio. Would you please share the ideas of the Management with us? In terms of the rising tendency of asset quality in 2022, would the Management share the outlook with us? We look forward that you can boost our confidence. Thank you.

Senior Executive Vice President Zhang Wenwu: Thank you for your questions. In 2021, we coordinated the development and security. According to the risk

management path of “active prevention, smart control and comprehensive management”, ICBC continued enhancing control over enterprise risk to effectively safeguard the stability and controllability of various risks and continuously improve the asset quality of the Bank. Last year, the NPL ratio was 1.42%, dropping by 16BP over 2020. The Group’s overdue loan rate was 1.23%, dropping by 21BP over the previous year. The price scissors between overdue loans and NPLs were -RMB38.5 billion, which have been negative for seven consecutive quarters, continuously consolidating the upturned foundation of stable asset quality.

First, the structure of investment and financing was continuously optimized. ICBC kept focusing on key areas, such as, construction of major infrastructure, emerging industries for major national strategies, emerging manufacturing, and transformation and upgrade of conventional industries, and continuously optimized credit structure, laying a good foundation for the improvement of asset quality.

Second, the asset quality in key loan areas maintained optimal level and the asset portfolio realized the structural optimization. At the end of 2021, the NPL ratio for infrastructure segments accounting for a large part of outstanding corporate loans, such as, transportation, energy and water conservancy, was lower than 1%. These loans occupied about half of the corporate loans, accounting for more than a quarter of all loans, which effectively stabilized the asset quality of the Bank. Meanwhile, the NPL ratio for personal loans was 0.49%, falling by 7BP from the beginning of the year. The NPL ratio for domestic mortgage loans was 0.25%, which was a decrease of 4BP from the beginning of the year. On the whole, the asset quality of personal loans maintained an optimal level.

Third, the whole-procedure prevention and control of credit risks was continuously enhanced. By enhancing the screening of access for additional financing, ICBC properly assessed the credit access so as to alert, identify, intervene, and mitigate risk loans earlier. In terms of major customers, ICBC set up a consultation mechanism of joint prevention and control so as to adopt detailed and effective measures for risk control. Meanwhile, in the process of collection, multiple approaches were comprehensively utilized to dispose of non-performing loans. In 2021, ICBC collected and disposed of more than RMB190 billion non-performing loans and the leverage ratio of write-off and disposal of NPLs was 1.88. The write-off loans collected in 2021 increased by 81% over the previous year. Meanwhile, based on the prudent principle, we managed the provision in a stricter manner. In 2021, the allowance to NPLs reached 205.84%, growing by 25.16 percentage points from the beginning of the year.

In 2021, ICBC kept optimizing the access structure of new loans to ensure the quality of existing loans. Meanwhile, the whole-procedure management of loans was enhanced by applying a set of airtight system to manage the collection, disposal, and write-off.

As for the non-performing property loans you mentioned, in 2021, there was a short-term rise in 2021, mainly resulting from the deterioration of few loans with huge risks. The property loans of ICBC occupied a small part of total loans. The percentage of real estate development loans accounted for less than 5% of total loans. Generally, the asset quality of property loans was controllable, which will not impose a significant impact on the Bank’s asset quality. The identification standard for non-performing loans was relatively prudent. The non-performing condition of

property loans has been reflected in a comprehensive and truthful manner. Meanwhile, sufficient provisions for those loans have been set aside to fully cover the risk of loss.

In conclusion, the overall asset quality of ICBC in 2021 was healthy. Investors can be confident in ICBC's asset quality and there is no need to boost such confidence.

I would like to introduce the outlook for 2022 in the second part.

In 2022, commercial banks are facing a more complicated and challenging external environment. Some large industries and customers that were hit hard by the pandemic and business cycles become difficult to operate. Furthermore, the conventional and non-conventional risks are intertwined, making it more difficult to prevent and control risks. As a result, the asset quality will definitely face a certain of structural pressures and challenges. ICBC will balance the relation between business development and risk control by serving the real economy and looking at the picture of the Bank's business development so as to facilitate the high-quality development through the high-quality risk control, ensuring the stability and controllability of asset quality.

First, ICBC will continue improving the operation quality and efficiency of credit. ICBC will keep strengthening the financial services to major national projects, manufacturing, small and micro enterprises, scientific innovation, green finance, and rural revitalization, making the investment and financing more compatible with the real economy, and consolidating the foundation for the long-term optimization of asset quality.

Second, ICBC will enhance the targeted mitigation for risks in key areas. Solid measures will be adopted to carry out sophisticated risk management of loans for key industries, such as, real estate, industries with high energy consumption and high emissions, and key areas, such as, large legal person customers. Focus will be on the asset quality of key branches and areas so as to drive the overall improvement of asset quality in those areas.

Third, ICBC will step up efforts to advance the innovation and empowerment of credit management. ICBC will give play to its scientific and technological hard power to make the risk monitoring more intelligent and digital. New techniques, such as, "ICBC e Prevention", satellite intelligent monitoring, and blockchain, will be leveraged to improve the Group's risk control level through digital and intelligent risk control measures. Meanwhile, ICBC will advance the improvement of policies, enhance the enforcement, speed up efforts to build team of credit experts and improve the professional capabilities of the employees, providing intellectual support for the high-quality development of credit.

We believe that, in 2022, ICBC can better serve the real economy while realizing its sound development. It is estimated that the asset quality of the Bank will remain a stable and controllable tendency. Thank you.

[Question 6] Securities Times: Thank you, the Management of ICBC. I have a question about inclusive finance. Many small and micro enterprises face difficulty in business operation due to the pandemic, in terms of such situations, what targeted measures have ICBC adopted to support these enterprises? Are these measures sustainable? According to the Report on the Work of the Government, no specific requirements were set for the growth rate of inclusive finance loans of large commercial banks to small and micro enterprises. Under such circumstances, what will ICBC plan for the operations of this aspect? In addition, in terms of rural

financial services, what kind of key measures will ICBC adopt? Thank you!

Senior Executive Vice Present Xu Shouben: Thank you for your questions. Serving small and micro enterprises is not only the responsibility, but also an important strategic choice for ICBC's development. In recent years, focusing on the national arrangements and the financial demands of small and micro enterprises, ICBC has kept building itself into a benchmark bank for comprehensive inclusive finance services so as to promote the sustainable and high-quality development of inclusive finance. It mainly represents the following aspects.

First, for the incremental volume, ICBC continued to increase the financing supply. ICBC continuously improved the operating mechanism to grant loans to those enterprises that are willing to lend and dare to lend, facilitating the effective transmission of macro policies. In 2021, the growth rate for inclusive loans and the number of customers exceeded 52% and 34%, respectively, taking the Bank to the leading position of the market and further expanding the coverage for services provided to small and micro enterprises.

Second, in terms of structure, ICBC worked harder to provide targeted services. ICBC accelerated the development of digital inclusive finance and continued improving exclusive product lines. It launched featured products, such as, Employment Loan, Cross-border Loan, and Technological Innovation Loan, to make the small and micro finance services more accessible and compatible. In 2021, the balance and incremental volume of online inclusive loans accounted for 78% and 94%, respectively, of the total loan outstanding. The number of first-time lenders increased by 50% and the proportion for unsecured loans of small and micro enterprises and the loans for small and micro enterprises of manufacturing kept rising.

Third, in terms of services, ICBC kept improving the level of integration. On the one hand, ICBC refined the channels for integrated online and offline service, built a three-dimension financial service network of "outlets + self-service banks + Internet banking + mobile banking", kept improving the specialized business model for small and micro finance, and implemented the "program for improving efficiency of inclusive finance services at the outlets", so as to expand the service scope to the utmost extent and improve the service efficiency. On the other hand, centering on the characteristics of the financial demands for small and micro enterprises, ICBC provided full lifecycle services in terms of finance, intelligence, and commerce. ICBC carried out more than 150,000 activities for ICBC Inclusive Finance Travel in total to provide small and micro enterprises with a package of financial services including financing, settlement, and consulting. In addition, it developed and launched the cross-border matchmaking platform, namely, ICBC Business Matchmaker. So far, more than 50,000 enterprises have registered. The platform has been conducive for small and micro enterprises to seek overseas business opportunities and accessing to the global industry chain.

Fourth, in terms of operations, ICBC consolidated the advantages of "science and technology + risk control". A new data-driven platform for inclusive finance services has been built. The platform is open and interacted externally, and internally, it is fully integrated. A smart and whole-procedure risk management system has been set up to effectively reduce risk cost and operation cost and maintain the commercial sustainability. At present, the quality of ICBC's inclusive loans is good and the overall risk is controllable.

In 2022, ICBC will step up efforts to develop inclusive finance, make inclusive finance services more widely, targeted and sustainable, and promote inclusive finance to achieve sustainable and high-quality development.

First, ICBC will further increase volume, expand coverage, and reduce price. The coverage will be further expanded by continuously increasing the credit granting for inclusive loans for small and micro enterprises, consolidating and continuing the effect of easing the difficulties of small and micro enterprises.

Second, ICBC will further deepen the model of digital inclusive finance. ICBC will comprehensively deepen the digital application in terms of customers, products, risk control and ecology to build the new quality of “accurate, smooth, and smart” for ICBC’s digital inclusive finance. The pain points and difficulties for small and micro enterprises in financing will be coped with in an accurate manner by intensifying the information integration and ecological connection, driving the finance services more accessible and making the proportion of credit loans and first-time lenders keep rising.

Third, ICBC will keep improving the integrated service level. ICBC will provide diversified and whole-process finance support by further promoting the comprehensive financial service of the integration of “financing, intelligence and commerce”. ICBC will remain committed to serving national strategic orientation to intensify the support to manufacturing, “specialized, refined, special and innovative” enterprises, and other key areas. Furthermore, it will promote the coordinated development of inclusive finance, scientific innovation, and green and low-carbon enterprises, achieving a more efficient inclusive finance supply.

Fourth, ICBC will coordinate development and risk control. Following the risk control path of “active prevention, smart control and comprehensive management”, ICBC will enhance the digital-based risk control and the coordinated management of online and offline assets, keep refining the closed-loop management mechanism of whole-procedure risks that fits the characteristics of the inclusive business, and achieve the stable volume increase and steady improvement of quality for inclusive finance.

In terms of supporting rural revitalization, ICBC will actively promote the Urban-Rural Collaborative Development Strategy to effectively improve the financial service capabilities of rural revitalization. In 2021, based on reality, ICBC had made new progress in rural revitalization by giving play to its advantages and characteristics. First, ICBC intensified the financial supply. At the end of 2021, the balance of agriculture-related loans of ICBC reached RMB2.66 trillion, which increased more than RMB400 billion from the beginning of the year. The loans to areas lifted out of poverty increased by RMB100 billion and the loans to key support counties grew by approximately 20%, which was higher than the average growth rate of loans of the Bank. Second, the urban-rural collaboration was enhanced. ICBC released financial action plans to support rural revitalization, launched the unified service brand for rural revitalization, namely, “Xingnongtong”, integrated and formed approximately 100 financial products and services for rural revitalization so as to satisfy the financial demands of rural customers. ICBC stepped up efforts to set up outlets and rural inclusive financial service outlets in counties without ICBC institutions, covering 86% of the country’s counties. Third, ICBC enhanced the technological empowerment. An online service platform, namely, “ICBC Xingnongtong” APP, was

launched to provide rural customers with services related to people's livelihood, rural affairs, transaction matchmaking, and financing. ICBC launched a comprehensive service platform for the digitalization of rural areas. So far, it has covered 770 counties and over 100,000 rural collective organizations nationwide. Meanwhile, by leveraging data of agricultural insurance, subsidies for benefiting the farmers and agriculture, and land right confirmation, ICBC provided customers with more convenient financing services. Fourth, ICBC enhanced featured services. ICBC was the first financial enterprise that can directly connect to the system of the Ministry of Agriculture and Rural Affairs to participate in the program of "Credit for New Agricultural Business Entities". At the end of 2021, the balance for the loans to new business entities exceeded RMB120 billion, growing by 32% year on year. ICBC worked together with the All-China Federation of Industry and Commerce to promote the action of "Revitalizing 10,000 Villages through 10,000 Enterprises" so as to encourage private capital to support agriculture and rural areas.

In 2022, focusing on rural development, revitalization, and governance, ICBC will adhere to the Urban-Rural Collaborative Development Strategy to increase capital supply, extend service channels, speed up innovation on products, deepen the collaboration, continuously create a "well-developed, excellent, distinctive and sustainable" financial service system for rural revitalization. In doing so, ICBC can root for the modernization of agriculture and rural areas and promote to achieve common prosperity. Thank you!

[Question 7] Bloomberg News: In recent years, the global political and economic situation has been increasingly complicated, under such circumstances, my question is how the progress of ICBC's internationalized operation is? In future, will ICBC continue the strategy of internationalized development? In addition, in this year, what kind of specific plans does ICBC have in serving the new development pattern of double circulation? Thank you!

Senior Executive Vice President Zhang Weiwu: Thank you for your question. Thank you for paying attention to ICBC's internationalized operation.

In terms of ICBC's internationalized operation last year, we have achieved steady progress by steadily advancing such operation. It is mainly manifested in three aspects.

Firstly, the operating quality and efficiency of overseas institutions has been improved. Last year, the total assets of overseas institutions amounted to USD455.4 billion, growing by 8% year on year. The profit before tax for overseas institutions reached USD3.41 billion throughout the year, with a year-on-year increase of 13%. Panama Branch was officially opened, further refining the network of global institutions. Last year, the asset quality of overseas institutions was good and the NPL ratio for overseas institutions was less than 1%.

Second, new progress was made for promoting the Preferred Bank Strategy for Domestic Foreign Exchange Business. In 2021, the daily average balance of FX deposit in domestic branches increased by 35% year on year and the market share for key businesses, such as, international settlement, RMB settlement in cross-border trade, and franchise foreign exchange trading, increased steadily. ICBC signed strategic cooperation agreements with the Ministry of Commerce and General

Administration of Customs to steadily carry out the Chunrong Action to stabilize foreign trade and foreign investment. ICBC provided one-stop financial services to customers engaging in import and export business through the single window of the customs. A total of more than RMB1 trillion in local and foreign currency was issued to provide finance to key foreign trade and foreign investment enterprises and their upstream and downstream enterprises throughout the year. Under the initiative of ICBC, the China-EU Business Alliance was set up to actively promote the actual cooperation among enterprises in China and EU. There were 52 founding members, including 29 Fortune 500 companies.

Third, the service capacity for cross-border financing was continuously improved. In 2021, ICBC launched the brand of YES ICBC to further diversify the supply of cross-border financial services, such as, convenient cross-border payment at low cost, exchange, financing, and management of currency risk. ICBC vigorously served the China International Import Expo (CIIE), China Import and Export Fair (Canton Fair), China International Fair for Trade in Services (CIFTIS) and China International Consumer Products Expo. The effect of customer acquisition, activation and retention through cross-border matchmaking increasingly emerged. Relying on the self-developed platform, namely, the ICBC Business Matchmaker, ICBC served more than 50,000 enterprises at home and abroad and reached preliminary cooperation intentions for over 3,000 projects, involving an amount of more than RMB10 billion. As a large bank, ICBC also played a leading role. It was qualified as a pilot bank of “Southbound Trading” and “Cross-boundary Wealth Management Connect” under the Bond Connect and implemented a batch of innovative businesses.

As for ICBC’s plan for internationalized operation under the current international circumstance, indeed, as you mentioned, affected by the pandemic and the geopolitics, the internationalized operation is facing a complex situation right now. Such a complex situation triggered the fluctuation of global supply chain and financial market, bringing about quite a few challenges in internationalized operation for commercial banks.

However, on the other hand, we should see that Chinese economy has maintained a stable and improving tendency for a long term. The new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other as well as the strategy of “building a new system for higher-level open economy” have brought new opportunities for the internationalized operation of commercial banks.

In future, ICBC will remain committed to the strategy of “international vision, global operation”, based on the nation’s demands, the financial enterprise’s capacity and ICBC’s strengths, to spare no effort to serve the nation’s higher-level open economy while properly preventing risks. ICBC will focus on four aspects this year:

First, ICBC will make stability the top priority to properly prevent risks of foreign operation. According to the change in external situation, ICBC will keep optimizing service system of overseas network, adjust business development strategies accordingly, speed up the building of long-term compliance and risk control mechanism for overseas institutions, and coordinate the development and security. ICBC will pay close attention to the risks of global financial market fluctuation, compliance, credit, and geopolitics so as to adopt effective measures, ensuring the robust and sustainable internationalized operation.

Second, ICBC will focus on key customer segments and improve the foreign exchange business capability at a faster pace. ICBC will comprehensively implement relevant requirements on stabilizing foreign trade through cross-cycle adjustment, focus on key enterprises and their overseas upstream and downstream enterprises, such as, enterprises of advanced manufacturing, the “specialized, refined, special and innovative” enterprises, and enterprises engaged in both domestic and foreign trade, and provide financing support on basis of global cooperation. Relying on the Belt and Road Inter-bank Regular Cooperation Mechanism and the China-EU Business Alliance platform, ICBC will provide more global services that can help Chinese enterprises go abroad and attract foreign-owned enterprises. ICBC will speed up the building of online trade finance, keep optimizing the customs’ “single window” financial service, and enhance the marketing and services provided to new forms and models of foreign trade. Relying on the CIIE, CIFTIS, Canton Fair, China International Consumer Products Expo and other financial services to upgraded exhibitions, ICBC will provide one package comprehensive financial services for foreign trade enterprises, foreign-owned enterprises, in particular, SME and micro-sized enterprises.

Third, focusing on key areas, ICBC will keep serving the high-quality development of the Belt and Road Initiative. It will keep improving the functions for the service network along the Belt and Road and contribute to creating a host of quality projects of Belt and Road by centering on “high-standard, sustainable and people-centered” growth. ICBC will keep financing areas of infrastructure, such as, road network, port, and rail traffic, and interconnectivity. Focusing on green finance and combining the characteristics of green and low-carbon industries, ICBC will actively explore feasible financing models. By centering on “small and beautiful” project, ICBC will provide financing for an array of quality projects related to people’s livelihood.

Fourth, focusing on key areas, ICBC will seize the opportunities of two-way openness of financial market and the RMB internationalization. ICBC will also actively seize the opportunity that RCEP comes into force and expand the scale of cross-border RMB settlement and financing in RCEP regions. Centering on areas related to the facilitation of cross-border trade and investment, cross-border asset transfer, and cross-border interconnectivity, ICBC will keep advancing the financial innovation in free trade zone and conduct pilot businesses in Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta area. Seizing the opportunity of China’s high-level open economy, ICBC will drive the development of global custody business, cross-border financing, global financial market and other businesses. Thank you for your questions.

[Question 8] Question sent by E-mail: The credit growth rate of 2021 was high, how about ICBC’s replenished capital? How will ICBC plan to replenish the capital this year? Will ICBC be able to meet TLAC requirements on schedule? Will ICBC adjust the dividend percentage in 2022? How will ICBC balance the relation between capital and dividend?

Board Secretary Guan Xueqing: Thank you for your questions. Sufficient capital is the foundation for the Bank to serve the real economy and provide effective financing support, which is also the foundation to enhance the ability to offset risks for commercial banks.

In 2021, the capital adequacy ratio of ICBC advanced steadily. ICBC saw a significant rise for core tier one capital adequacy ratio, tier one capital adequacy ratio, and capital adequacy ratio. The capital adequacy ratio reached 18.02%, growing by 114BP from the end of last year.

ICBC's capital management is dominated by endogenous capital replenishment and supplemented by the issuance of other tier one capital instruments and tier two capital instruments. Meanwhile, it enhanced the capital management by taking RWA management and asset securitization as main support. In 2021, the endogenous capital was effectively replenished after disposing of the equilibrium relationship of profit retention and dividend, which has been highly recognized by investors. It better realized the need to serve the real economy while creating more value.

Last year, ICBC replenished exogenous capital by issuing domestic perpetual bonds of RMB100 billion and overseas perpetual bonds of USD6 billion. The issuing prices were the best among peer banks at that time. Furthermore, ICBC issued tier two capital of RMB90 billion, demonstrating a strong capital replenishment capacity. Meanwhile, it shored up ICBC's capacity to serve the real economy and create value. The net tier one capital ranked No.1 in the Top 1000 World Banks released by the *Banker* for nine consecutive years. ICBC accelerated the implementation of the light capital strategy by strengthening the management of RWA. Just as Senior Executive Vice President Zheng Guoyu mentioned, ICBC adopted effective measures, such as, great wealth management, to save capital. In this way, last year, the growth rate of RWA dropped by 3.2 percent points than that of credit.

In 2022, ICBC will keep increasing the support to the real economy and maintain the appropriate credit growth rate. Therefore, ICBC will keep managing capital in a better manner, improve the "five-in-one" management mechanism for scientific coordination of capital, efficient allocation, accurate measurement, long-term constraint, and routine optimization. In this way, ICBC can continuously enhance the capital constraint, improve the efficiency of capital use, and balance the relation between business development and RWA growth rate. This year, ICBC will issue appropriate capital replenishment instruments to ensure that the capital adequacy ratio maintains a reasonable and robust range.

As for the question about TLAC, there are two core regulatory indicators for the TLAC management method. The first one is the leverage ratio for the external total loss-absorbing capacity and the second is the risk-weighted ratio for the external total loss-absorbing capacity. Although ICBC's capital adequacy ratio has not yet met the requirements of the Measures for TLAC, TLAC has a diversified toolbox. ICBC has been sufficiently prepared to meet the TLAC requirements on schedule, which will not impose a significant impact on the Bank's business development and ability to guarantee credit financing.

Investors are very concerned about the cash dividend. We believe that a moderate cash dividend can not only satisfy investors' demands of the period, but also will be conducive to the growth of long-term value for excellent listed companies. ICBC replenishes endogenous capital through profit retention, and dedicates to creating a longer term returns to shareholders.

ICBC remains committed to the robust cash dividend mechanism. We have shared data with you in the presentation of results. ICBC is a bank with the largest amount of cash dividend among A-share listed companies. The dividend payout yield kept

maintaining stable. In 2021, the dividend ratio was 30.9%, with a total amount of more than RMB100 billion, which was RMB104.5 billion. As I mentioned earlier in the presentation of results, if calculated according to the share prices at the end of last year, the dividend rate of A shares and H Shares can be up to 6.33% and 8.15%, respectively, which is very attractive to long-term investors. The embedded equity value keeps rising. The net asset value per share continues to increase. Now, it is up to RMB8.15, which is 5.1 times of that in 2007, indicating that the embedded value of the share is pretty obvious.

ICBC will continue advancing the implementation of key strategies, continuously improve business quality and momentum, correctly recognize and understand the relation between investors' long-term interest and short-term cash dividend demands, effectively balance the relation between capital and cash dividend, and continuously enhance the intrinsic value of the Bank, creating more returns to more excellent long-term investors and value investors. Thank you for your questions.

[Question 9] Voice of Economy, CNR: What major progress did ICBC make in terms of FinTech last year? Recently, the CBIRC issued the *Guiding Opinions on the Digital Transformation of Banking and Insurance Industries*, how will ICBC promote the digital transformation in future? Thank you!

Senior Executive Vice President Zhang Wenwu: Thank you for your questions. In 2021, ICBC adhered to the strategic requirements and achieved significant progress in technology. I would like to address three aspects.

First, the safe production and operation steadily progressed. There are two aspects. First, the business development of ICBC in 2021 was fast. The existing and incremental businesses of on-B/S and off-B/S exceeded RMB72 trillion. Meanwhile, the number of personal customers and corporate customers surpassed 700 million and 9 million, respectively. In addition, there were online and offline businesses for domestic and overseas branches. On the whole, the adaptability of ICBC's technologies was pretty strong. On the other hand, the situation of last year was fickle and cyber security faced increasingly complicated circumstances. Furthermore, the routine Covid-19 control last year tested ICBC's responding capacity. Last year, ICBC's technological capacity faced many challenges, including the major flood season and power rationing in some regions. In general, the technical team of ICBC successfully coped with these challenges in the past year. As a result, ICBC was able to maintain the overall operations at a good level in a safe manner. The availability ratio of systems kept over 99.99%, providing customers with excellent technical services.

Second, the FinTech innovation manifested new strengths. For a long time, ICBC adhered to the basic strategy of self-developing the technologies. In 2021, major progress was made. ICBC built the world's leading "cloud computing + distributed" technical architecture base, established the largest financial cloud platform with leading technological influence and full-covered business scenarios of the global banking, and set up the distributed technology system with the most complete system and the widest application in the industry, leading the breakthrough in the transformation from traditional centralized information systems to fully distributed information systems. Based on this, ICBC won the "special award", the only highest award, of the FinTech Development Awards from PBC. Meanwhile, ICBC built a

series of technological platforms with strong service capacity and leading superiority, such as, AI and blockchain. All of this has further built ICBC's scientific and technological hard power. In terms of the building of ecosystem, among peer banks, ICBC firstly built the reliable and efficient big data system that can be easily extended and the enterprise-level data middle office. As a result, the Group's data can be uploaded to the data lake. ICBC actively participated in the building of factor market and become one of the first batch contractors of Shanghai Data Exchange. As a result, ICBC obtained the highest level of certification in China, that is, Level 5 certification by the data management capability maturity assessment model (DCMM). ICBC was the only one that had passed Level 5 certification in the financial industry.

In addition, there are two indicators. One is the regulatory assessment. ICBC ranked first in the regulatory authority's IT supervision rating in the banking sector for eight years in a row. The other one is patent authorization. The new authorization and accumulative authorization of ICBC remained the first in the domestic banking industry.

Third, the integration of technologies and businesses. Just now, my colleagues have introduced the integration of technologies and businesses from different perspectives. I would like to explain more from the perspective of ecology.

In serving the real economy, ICBC participated in the in-depth digital transformation by making the utmost of FinTech approaches. In the field of digital government affairs, ICBC built the "1+N" system. It worked together with 29 provinces and cities to carry out government affairs cooperation by taking part in the building of the government affairs service platform for "one network for all services" and focusing on N vertical government affairs fields. Furthermore, it implemented more than 300 scenarios for government affairs cooperation. In terms of digital industry, ICBC closely worked together with leading enterprises to actively plan and design a comprehensive service solution to customer scenarios. For instance, combining with the supply chain scenario of large enterprises, ICBC built a series of platforms, including, Julian and Jurong, serving over 200,000 upstream and downstream enterprises in total.

As for the inclusive services to the people's livelihood, ICBC made full use of the results of digital technology to provide people's livelihood services. Aiming at the opportunity of the reform of the rural collective property right system, ICBC firstly launched a comprehensive service platform for the digitalization of rural areas. Through the one-window service mode, the rural governance can be achieved in a digital manner. So far, it has covered 204 cities in 31 provinces, providing 83,000 village collectives with inclusive and convenient services. Furthermore, ICBC promoted ICBC Xingnongtong, which is an APP that is specially designed for agriculture, rural areas and farmers. The APP has become a "new supermarket" that enables rural customers to enjoy convenient and one-stop financial services. In terms of the channel building, ICBC firstly launched the non-contact service of "Cloud ICBC" to provide the convenient and efficient integrated online and offline services, enabling customers to apply for financial services at all times and places. The most widely online and offline channels at home and abroad of ICBC have been taken good use to ensure that ICBC can provide non-stop services to customers in the complicated and ever-changing situations caused by floods and the pandemic.

As for the mechanism for talent, ICBC launched the FinTech Talent Mechanism and

the mechanism to select the best candidates to lead the tackling of key innovation problems. It also implemented the agile R&D modes and set up a laboratory for cutting-edge technology by relying on the FinTech research institute and partners. ICBC hosted the ICBC FinTech Innovation Competition for National College Students for 12 consecutive years, stimulating the internal power of digitalization.

In 2022, according to the goals of speeding up the digital transformation of the entire country raised in the outline of the 14th Five-Year Plan, ICBC will continue taking the digital transformation as the starting point for reform. Last month, the Group's digital brand "D-ICBC" was launched. The overall arrangement will be made in five dimensions, which are, digital ecology, digital assets, digital base, digital infrastructure and digital gene.

First, ICBC will operate business in a more ecological manner. ICBC will enhance innovation and create a host of competitive digital products in key areas, such as, government affairs, industry, livelihood, and inclusive finance, so as to better meet the customers' demands for online, ecological and smart finance.

Second, ICBC will strengthen the application of digital assets. It will comprehensively promote the digital management, the building, upgrade and transformation of digital platforms, participate in the in-depth reform of market-oriented digital factors, steadily carry out the digital cooperation and sharing, and create smart digital product systems.

Third, ICBC will enhance the empowerment of digital technologies. It will continue creating advanced and controllable hard-core technologies, give play to the key role of scientific innovation in unimpeded flows, implement a host of forward-looking, strategic and major scientific projects, and strive to achieve more leading and ground-breaking results.

Fourth, ICBC will optimize the layout of digital infrastructure. ICBC will enhance the data security and privacy protection, improve the independent, controllable and intelligent level of key financial infrastructure, and drive the green and low-carbon transformation of data center.

Fifth, ICBC will strengthen the penetration of digital gene. It will create an enabling culture and atmosphere for the integration and innovation of technologies and businesses, build a creative, large circulation system for the Bank's market, businesses, and technologies, and enhance the support for digital transformation. Thank you.

[Question 10] UBS Securities: I am Yan Meizhi, a banking analyst from UBS Securities. I would like to ask a question about interest margin. From the results you presented, we noticed that the net interest margin (NIM) in 2021 was slightly lower than that of 2020. In the context of interest rate reduction and current macroeconomic conditions, this is actually a very good result. What were the main push factors for the pricing at the asset end and the liability end last year? Would you please share your outlook for the tendency of NIM in 2022? Thank you very much.

President Liao Lin: As we do not have sufficient time, I will reply to your questions briefly.

Last year, ICBC achieved good results in terms of the NIM management. As mentioned earlier, the NIM throughout the year was 2.11%, which was 4BP narrower than that of last year. As a matter of fact, it was better than expected. The NIM of last year demonstrated two characteristics. First, compared with ourselves, the narrowing margin was the best for the past three years; second, compared with peer banks, the tendency of ICBC's NIM was more resilient and stable.

You asked about the pricing of the asset end and the liability end. In terms of the asset end, the yield of interest-earning assets last year was lower than that of the previous year. The reason behind this was that ICBC attached greater importance to the balance between serving the real economy and the sustainable development of commerce. Despite of the drop at the asset end, ICBC managed to hedge downward pressure on interest rates by adjusting credit structure, especially for the increase of the proportion of personal loans. In terms of the liability end, the liability cost last year was slightly lower than that of the previous year. ICBC effectively hedged its upward pressure by increasing the daily average balance of deposits, improving the customer ecology, and expanding scenarios. In general, the liability cost remained largely stable.

As for the second question, it is about the outlook for NIM. The NIM is facing a certain downward pressure this year, however, ICBC is confident and capable of maintaining NIM at a reasonable level by adopting a series of effective measures at the asset end and the liability end. As a large bank, it is imperative and reasonable for ICBC to promote the high-quality development of the real economy through appropriate profit concession. ICBC will keep consolidating the customer base, refining the business ecology, and improving the capability of financial services to promote the stable assets and liabilities aggregate, improving quality, and optimized structure. In doing so, ICBC will strive to maintain NIM at a reasonable range. Thank you!

[Question 11] China Banking and Insurance News: Thank you. I would like to ask a couple of questions about asset management. The regulatory authorities proposed to extend the transition period of the new rules for asset management to the end of 2021, at present, what about the transformation for ICBC's existing businesses? What measures will ICBC adopt to prevent risks? In terms of the sharp fluctuation of capital market, what kind of measures will ICBC adopt?

Senior Executive Vice President Zheng Guoyu: Thank you for questions. Actually, your questions consist of three parts. I will answer accordingly.

About the transformation of existing wealth management business. Under the guidance of regulatory authorities, ICBC advanced the risk mitigation and sound development of asset management business in a coordinated way and actively promoted the net worth-based transformation of wealth management business. The remediation in the transition period achieved great results.

On the one hand, ICBC comprehensively leveraged measures, such as, new product acceptance, returning to the balance sheet, and market-oriented transfer, to reduce the existing wealth management businesses in a compliant manner. The scale of wealth management existing assets exceeded the remediation tasks during the transition period. On the other hand, the service capacity of the wealth management business was improved at the same. By the end of 2021, the scale of the Group's wealth

management products reached RMB2.6 trillion, maintaining the leading position among peer banks. The business income was stable, realizing the balance among the regulatory requirements, customer demand and operating results.

As for your question about how to enhance the risk control of wealth management business. 2021 was the last year for the transition period of the new rules for asset management. ICBC unswervingly implemented the nation's plans and requirements on preventing and mitigating financial risks. While strictly implementing the new rules of asset management and completing the remediation tasks during the transition period, ICBC kept enhancing risk control. As a result, the scale of existing products was steadily reduced, ensuring the controllable risks. In terms of concrete measures, first, ICBC enhanced the market research and judgment and actively grasped the time window to strengthen the transaction price management and middle-office risk management in the process of market-oriented disposal of standardized bond assets. Second, ICBC enhanced the penetration monitoring and early warning and paid close attention to the quality of the underlying assets so as to effectively control the risk exposures. Third, ICBC intensified the compliance management of operation of returning to the balance sheet. According to the requirements of credit management, ICBC properly managed the assets on the balance sheet within the duration. Fourth, ICBC stepped up efforts for collection and disposal. According to the market-oriented and law-based principle, ICBC steadily and orderly mitigated risks of existing assets and consolidated asset quality.

In terms of the sharp fluctuation of capital market recently. ICBC took the following steps: first, ICBC safeguarded the stability of the capital market. ICBC paid close attention to the changes in capital market, earnestly implemented relevant national plans and requirements, actively functioned as a stabilizer for a large bank, increased support to the real economy and adopted multiple measures to maintain the stability of the market. Second, ICBC protected the interests of investors. Recently, affected by the adjustment of domestic and overseas stock and bond markets, the net value of some wealth management products saw a certain drawdown. The main reason behind this was the external shock brought by the international environment and bombshells. ICBC has always made the protection of investors' interests a top priority. On the whole, wealth management products are dominated by fixed-income investments. ICBC emphasizes the accumulation of "cushion" and adheres to the prudent strategy. Therefore, the stability of the overall net value of products is better than market benchmark.

In order to cope with the impact of capital market fluctuation, ICBC keeps doing the following work. First, ICBC adheres to the people-centered development philosophy, actively takes advantage of the privilege of long-term development of China's economy and the opportunity of increasingly growing capital market, creates product series that meet the risk appetite of wealth management customers, and strives to obtain long-term and robust returns for all customers. Second, ICBC enhanced the market research and judgment and analysis, improve the capacity of large-scale asset allocation, and gave play to the role of fixed income assets as "stabilizer". In addition, ICBC balanced the relation between risks and returns and strove to improve the stability of the net value for wealth management products. Third, ICBC improved the appropriateness management of wealth management products by fully revealing the product risks and compliant sales so as to safeguard customers' legitimate rights and interests.

Thank you.

[Question 12] Goldman Sachs: Hello! I am John from Goldman Sachs. First of all, I would like to congratulate ICBC on the excellent results. My question is about green finance. What about the development of green finance for ICBC in 2021? Would you please share some advanced experiences in terms of green transformation? In benchmarking ICBC against the nation's goals of "30·60" and carbon peak and carbon neutrality, what will be the focal points of work in future?

Senior Executive Vice President Xu Shouben: Thank you for your questions. With strategic guidance, policy support, reform and innovation, and serving the global four-wheel drive, ICBC promotes the development of green finance businesses. By comprehensively advancing the building of green finance system, ICBC improves the social, economic and ecological benefits. As at the end of 2021, the scale of ICBC's green credit by the standard of the CBIRC exceeded RMB2.48 trillion, taking the Bank to the leading position for both scale and incremental volume. Major indicators of green investment and financing, such as, the issuance of green bonds and underwriting, ranked the leading position on the market.

In the process of advancing green transformation, adhering to a systematic approach, ICBC achieved significant results in green finance. In 2007, ICBC incorporated green credit into the Bank's development strategy and vigorously advanced the development of green credit. After years of practice and absorbing global advanced concepts, ICBC has kept improving the governance structure of green finance and formed a green financial strategic driving system characterized by the coordination and leadership of the Green Finance Committees of the Board of Directors and the senior management, collaboration of all departments, active innovation by branch institutions and participation of all employees. Meanwhile, ICBC has set up a comprehensive green financial service system, covering green credit, green bond, industry fund, asset securitization, trust, leasing, wealth management and investment. All of this can support the development of green industry for all products and processes. Green finance has gradually become the fundamental principle and initiative for the Group's operations and development through years of strategic plan, organization building, business flow, publicity and training.

Second, ICBC has formulated more policies to establish the policy-based guarantee system for green finance. Green finance has been included in all processes of financial services, operations and management of ICBC so that the credit can be granted in a forward-looking manner. From the perspective of industries, ICBC defined clean energy, green traffic, energy conservation and environmental protection and other key areas as the industry that can be actively or properly included in the green finance. Furthermore, differentiated policies were adopted for the supporting economic capital occupation, authorization, pricing and scale. From the perspective of customers, ICBC has achieved the classification management on basis of household quota for industries related to high carbon and high pollution. The indicators, such as, enterprises' technologies, environmental protection, and energy consumption, have been embedded into the selection criteria for customers and projects in key industries. ICBC keeps enhancing the investment and financing management for environmentally sensitive areas and actively supports industrial transformation and upgrade through financial approaches.

Third, ICBC has adhered to the reform and innovation to set up the cutting-edge disclosure system for green finance research and environmental information. Under the guidance of the PBC, ICBC carried out stress testing and research on environmental risks, adopted new approaches for ESG rating and indicator research, and explored quantitative assessment methods and tools for environmental risk analysis. Furthermore, ICBC took the lead in drafting the *Guidelines for Environmental Information Disclosure of Financial Institutions* and industrial standards, which have been released by the PBC. ICBC also actively supported the development of the green finance innovation pilot zone. Since the joint-stock reform and listing, ICBC has compiled the *Social Responsibility Report* for 14 years in a row, highlighting the factors of environment, society and governance. ICBC has also compiled the *Annual Report on Green Bond* and *Special Report on Green Finance* to disclose the endeavors and effects of ICBC in green finance to the public. It has set a good example for the disclosure of environmental information by benchmarking against TCFD, PRB and other principles and frameworks.

Fourth, ICBC remains committed to serving global by establishing an international cooperation system for green finance. In 2017, under the guidance of the PBC, ICBC proposed to establish the Belt and Road Inter-bank Regular Cooperation Mechanism (BRBR). In 2018, ICBC assisted the China Society for Finance and Banking, China Green Finance Committee and the City of London to jointly drafted the *Green Investment Principles for the Belt and Road (GIP)* and became one of the first batch of contracting institutions. In 2019, ICBC released the Belt and Road green financial index (investment), which has been included in the list of the results of the Belt and Road Summit. In 2021, ICBC refined and updated the index and announced on the CIIE. Furthermore, ICBC has remained committed to international cooperation and mutual benefit, actively fulfilled the philosophy of green development and sustainable development, and participated in the global financial governance led by the task force on climate-related financial disclosures (TCFD). It has been the only Chinese-funded drafting institution and initiatory bank for the *Principles for Responsible Banking* (PRB) of the United Nations. It is also a member of the United Nations Environment Programme Finance Initiative (UNEP FI) and the *Statement by Financial Institutions on Energy Efficiency of G20*.

In future, the focal points of work for ICBC in green finance will be as follows: ICBC will pay close attention to the progress of the state's "30·60" goal and vigorously adjust the structure of investment and financing so as to achieve the goal of low-carbon transformation. Meanwhile, ICBC will focus on climate risks and properly carry out stress testing so as to realize the green, shared, and win-win development. First, ICBC will increase investment and financing support for green industries to better facilitate the development for such industries; second, it will enhance the innovation on green financial products and provide new financial services to carbon market; third, ICBC will strengthen the control over environmental and social risks, comprehensively implement the green classification management of investment and financing, and improve the smart management level of environmental and social risks; fourth, ICBC will advance the tasks of carbon peak and carbon neutrality and continuously promote the green and low-carbon transformation of investment and financing from both the asset end and the operation end; fifth, it will build the brand of green finance, enhance the exchange, cooperation, and forward-looking research on green finance, and take solid steps for external publicity and ESG information disclosure. Thank you.

[Question 13] Online questions: The stock price has been going well since the listing of the Company. In recent years, however, the stock price is lower than its net assets due to the poor international environment. As the ROE continues to go down after 2018, what measures are you going to take to improve PB? How do you enhance the management of market cap? Are you planning to repurchase the Company's shares and increase the percentage of cash dividend?

Board Secretary Guan Xueqing: Thank you for your online questions. As you have just said, the valuation of stocks with good performance and high dividend has been restrained under the influence of the overall environment both domestically and abroad, the development of capital market, and the structure of investors, as well as the characteristics of the capital market at the certain phase. The market cap and PB of the top banks in China are at fairly low levels.

In recent years, due to the long-term positive performance of the economy of China, ICBC has been struggling to achieve the high-quality development when providing services for the real economy. The capacity of value creation and the effect of its service are comparably high. The dividend rate of it is high, which makes it strong in attracting investment. The fundamentals of ICBC are positive with stable return on investment. In recent years, we have been committed to meeting the expectations of the investors and the market. We have constantly strengthened the management of investor relations with the help of results presentation meetings and regularized investor relations management. We have delivered varied public information to the market to either an individual or a group of people, and we have held communicating conferences related to special investors. Therefore, we have maintained our leading market cap in the banking industry in China. Though compared with the expectation of investors, we still have to improve our investor relations management, act well as an excellent listed company, and show people the long-term investing value to attract more investors to join us as shareholders. Our major measures are as follows:

First, we are to improve the quality and momentum of operations, struggle to stabilize and improve ROE, net profit, NIM and asset quality, and enhance the value of profitability and strategic systems and the capacity of risk control.

Second, we are to strengthen information disclosure, and improve transparency. Particularly, we should make use of activities such as results presentation meetings and day-to-day management of investor relations, and try to drive away the worries of investors, especially global institutional ones through a face-to-face and screen-to-screen manner offline or online, so as to provide more accurate, complete and timely information, helping excellent investors with their determination of our value.

Third, we are to further the targeted and intelligent relation management of investors in accordance to their categories.

We want to thank the global institutional investors, long-term investors, value investors and ESG investors for their high recognition and appreciation. We will further improve the quality of our investor relations management. We believe that the internal, true value of ICBC will be discovered and showed with the acceleration of high-quality development in the capital market in China, as well as the continuous optimization of investor structure.

I have just discussed the issue about the percentage of cash dividend that concerns you. We believe that the present percentage is moderate. We are to balance the relations among profit retention, cash dividend and capital replenishment, thus to effectively guarantee the maximization of the shareholders' long-term interests.

As for your question about the repurchase of shares, we, as a listed company, do not have any information that needs to be disclosed yet. Thank you for your questions.