

Minutes of ICBC 2020 Annual Results Briefing

(Based on audio records)

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Form of meeting: Webcast

Executives present online: President Liao Lin, Vice President Wang Jingwu, Vice President Zhang Wenwu, Vice President Xu Shouben, Board Secretary Guan Xueqing

Directors present online: Lu Yongzhen, Zheng Fuqing, Feng Weidong, Cao Liqun, Anthony Francis Neoh, Yang Siu Shun, Nout Wellink

Number of participants: 5,350

Recorded by: Investor Relations Management Team of Corporate Strategy and Investor Relations Department of ICBC

[Question 1] E Fund - Ma Jun: I am Ma Jun, vice president of E Fund. First of all, congratulations to the Management. Against the backdrop of the global COVID-19 outbreak and pandemic in 2020, ICBC with a global presence recorded remarkable positive growth in profits. I'd like to express my appreciation of the Management's efforts. Could you please tell us about the characteristics and highlights of ICBC's overall operations in 2020?

President Liao Lin: First of all, I would like to take this opportunity to thank the investors and analysts all over the world for their persistent confidence and concern for ICBC. And also thank you very much for raising the first question.

Last year was really extraordinary. In the year, ICBC made coordinated efforts on the COVID-19 response, financial security and operation management, and delivered good quality and efficiency of operations. At the beginning of the year, we set the annual objective of "seeking progress while ensuring stability". At the end of the year, we managed to "make progress while maintaining stability". Our results can be described as "two stables, two improvements".

With regard to the "two stables", first, the operating results are stable. Our net profit for the year was RMB317.7 billion, an increase of 1.4%, remaining a positive growth despite the great challenge from COVID-19. Specifically, total operating income broke the mark of RMB800 billion. Net fee and commission income exceeded RMB130 billion. We remained No. 1 among domestic banks in terms of total income. Second, asset quality remained stable. Under the combined pressure from global pandemic and economic downturn, our asset quality was basically stable in the year,

with all indicators staying in a stable range. At the end of the year, ICBC Group's NPL ratio was 1.58%, kept within a reasonable range. The "scissors difference" between overdue loans and NPLs was RMB-26.5 billion, a decline of RMB54.5 billion from the beginning of the year. Besides, we are particularly glad to see that both balance and ratio of either special mention loans or overdue loans have decreased compared with the beginning of the year. The balance and ratio of special mention loans dropped by RMB43 billion and 50 bps, respectively. The balance and ratio of overdue loans fell by RMB700 million and 16 bps, respectively. They are the "two stables".

With regard to "two improvements", first, our market competitiveness has improved. More specifically, in the past year, the increment of ICBC's customer deposits hit more than RMB2 trillion with balance driving up to RMB25.1 trillion, an increase of RMB2.2 trillion over the beginning of the year, also a record high. The incremental RMB customer loans kept ahead of the peers, increasing by RMB1.88 trillion or 12.6% in the year. The assets under management reached RMB4.8 trillion, and the assets under custody were close to RMB20 trillion, securing our comparative advantage as the largest domestic asset management financial conglomerate. Second, our customer base has improved, both quantitatively and qualitatively. ICBC cemented the customer base by carrying out the "net making and patching" program. By the end of the year, the total number of individual customers reached 680 million, up more than 30 million. The total number of corporate customers was 8.64 million, an increase of more than 500,000. In particular, we had nearly 420 million personal mobile banking customers, and, among comparable banks, we are the first to have more than 100 million monthly active users of internet finance. Our growth showed markedly higher quality and vitality.

The "two stables, two improvements", as just described in detail, are attributable to ICBC's huge customer system and our capability of maintaining steady operation through ups and downs. We adhere to risk response in advance of the market curve, making forward-looking decisions to bolster stability through cycles.

In the new year, we will seize opportunities and maintain the momentum to seek further progress while ensuring stability. Thank you!

[Question 2] CITIC Securities - Yang Hongqing: I am Yang Hongqing from the Equity Investment Department of CITIC Securities. What ICBC has done in forestalling and defusing risks? ICBC's NPL ratio picked up at the end of 2020. Has the risk of asset quality deterioration caused by COVID-19 bottomed out? Has the risk of deferred principal and interest payments on loans been defused? What is ICBC's judgment on the trend of asset quality changes? Are there any further arrangements or plans for the disposal of non-performing assets?

Vice President Wang Jingwu: Thank you for your questions. Asset quality is the cornerstone and lifeline of a bank's operation and development. ICBC has always

attached great importance to the control over asset quality. In 2020, ICBC kept all risks under control in general. **In terms of credit risk**, the asset quality was basically stable, with core indicators showing “four drops, two stables”. Four indicators saw a decline from the beginning of the year, namely balance and ratio of overdue loans, balance and ratio of special mention loans. The scissors difference between overdue loans and NPLs entered the negative territory for the first time in annual terms. Either balance or ratio of NPLs basically remained in a stable range. **In terms of market risk**, facing the volatile bond, stock and commodity markets around the world, we adhered to a prudent, neutral investment and trading strategy, strengthened the management of market risk, and realized a decrease in foreign exchange risk exposure, positive exchange gains and increase in income from investment and trading. **In terms of liquidity risk**, we strengthened the research and forecast on market liquidity, and optimized the arrangements for the sources of funds and the scale, structure and pace of their utilization. The Bank kept the liquidity generally stable, maintaining a reasonable and appropriate buffer space. Moreover, we have attached great importance and made stronger efforts on the management of operational risks and other risks.

All the achievements we have made in risk management were based on ICBC’s four-pronged system of enterprise risk management system. First, as for “managing people”, we strengthened the management of employee conduct and behaviors. Second, as for “managing money”, we intensified the management of funds, assets and operations on and off balance sheet, at home and abroad, online and offline. Third, we managed the three lines of defense well, having in place solid firewalls built on the joint prevention and control efforts of business departments in the front office, risk control departments in the middle office and internal audit departments in the back office. Fourth, we managed the “bottom lines” well, especially on the regulatory and material fronts, and ensured fulfillment of duties of all the six parties involved.

ICBC has always followed the risk management path of “proactive prevention, intelligent control and comprehensive management”. We prevented various risks proactively by improving risk strategies, appetites, limits, policies and processes, and enhanced the accuracy, timeliness and effectiveness of risk monitoring, warning and control by building a big data-based intelligent risk control platform. Risk management covers all kinds of risks, institutions, businesses and personnel, leaving no dead ends for risk control.

With regard to the moratorium loans, the risk is also generally under control. Starting from the third quarter of 2020, there has been a decreasing volume of loan deferrals. As the pandemic eased and the business activity resumed, quite a part of loans has resumed normal accrual of interest.

In terms of NPL disposal, ICBC determined the disposal plan according to the asset quality trend and strict classification standards. We maintained reasonable intensity of efforts to dispose of NPLs and defused credit risks effectively.

Despite various challenges, we believe that as the global economy, especially China’s

economy, is recovering, and the ability to effectively identify and manage risks has begun to work, the overall trend of credit assets tends to stabilize. We have the confidence, ability and strength to keep the asset quality basically stable, and get well poised soon for stable growth.

[Question 3] Southern Asset Management - Shi Bo: I am Shi Bo, Chief Investment Officer in charge of equity investment at Southern Asset Management. I would like to ask the ICBC management a question about financial technology (“FinTech”). We have seen that ICBC has kept investing in FinTech, and put forward the “technology-driven, value-creating” approach to work. In the FinTech field, we are also facing new challenges. It is seen that internet giants have made huge investments in FinTech. I would like to ask what are the commonalities and differences between ICBC’s FinTech investment and those internet giants’ investment in this field? Facing such cross-sectoral competition, what is ICBC’s plan? What are your competitive advantages? What results have been achieved? And I also want to know what ICBC has done to improve and enhance customer experience using FinTech. Thank you!

Vice President Zhang Wenwu: Thank you for your questions. I want to answer in three parts.

The first part is about comparison. Maybe what we have in common is that we all attach great importance to FinTech. ICBC is well known for its leading edge in FinTech across the banking industry. That is a commonality. As another commonality, we all value market expansion and customer service.

On the other hand, I’d like to talk about some characteristics of ICBC that make us different from internet companies. Let’s take a look from various perspectives.

First, ICBC has a wider variety of financial scenarios and product offerings in serving the real economy and improving people’s livelihood. ICBC offers a full range of financial products system, including deposits, loans, settlement, investment, wealth management and international banking, giving a sustained impetus to financial innovation.

Second, ICBC shows a higher integrated level of online and offline service channels. ICBC has more than 400 million online individual customers, and nearly 16,000 physical outlets in a full-fledged network. In addition, we also have a large-scale remote banking center and strong ability to integrate online and offline operations.

Third, we are better at integration of business and technology. Now our tech team has a staff of 35,000. In addition to a large tech team, we as a commercial bank also have a strong business team. Obviously, business personnel accounts for the majority of a commercial bank’s staff. We can increasingly integrate our business with technology and make breakthroughs in innovation.

Fourth, we demonstrate stronger performance in compliant innovation and steady operation. ICBC always upholds the principle of “maintaining honesty and integrity in

innovation” and “fine-grained work” in pursuing digital transformation. In recent years, we have developed many in-house systems for market risk, credit risk and operational risk, which are also exported to other market entities, helping smaller financial institutions improve their internal management. These well-established systems have achieved good results in credit risk, market risk and money laundering risk. For example, ICBC e-Security has been extended beyond ICBC to 275 financial institutions, serving more than 56,000 corporate customers, which is a fairly large scale.

In the second part, I’d like to talk about our achievements briefly. First, we have developed the leading hard power with ICBC genes. Over the years, most technologies used by ICBC were developed in-house. As ICBC has a complete range of business and product lines that are technologically complicated, most of the core technologies we use are proprietary. Relying on our strengths in technological innovation, we have made active arrangements for FinTech and taken the lead in making breakthroughs in the new IT architecture. We have developed a series of in-house enterprise-level new technology platforms with strong service capabilities and a leading edge in the industry. There are many such platforms, too many to mention here. Many of our innovations are widely recognized across the industry, and have won a number of awards. ICBC has ranked first by CBIRC’s overall rating of technology supervision for seven consecutive years. We also take the first spot by either number or grade of PBOC-granted awards for technological achievements. We are also No. 1 by number of total or incremental patents.

Second, we have developed ICBC’s distinctive, innovation-driven soft power to empower development. We have created a complete Fintech architecture composed of “one department, three centers, one company and one research institute”. We have 35,000 professionals with versatility in both finance and technology, the largest team across the industry. Through continuous technological breakthroughs and application innovation, ICBC uses its soft power in FinTech to empower our key strategies and business transformation and development, enabling faster response to market demand, better customer satisfaction, stronger empowerment of industrial finance ecosystem and more inclusive and open financial services. There is no doubt that FinTech has become the new engine for ICBC’s business innovation. In particular, we launched the ECOS last year, an intelligent banking information system developed in-house and debuted after years’ all-out efforts of the Bank. The system marked substantial progress, opening a new page in ICBC’s digital transformation with its own characteristics.

The third part is about what to do next. Recently we have been preparing a new three-year plan. There is no doubt that the 14th Five-Year Plan will give top priority to technology. We must continue to work hard on five fronts:

First, security. Principally it is to build a secure bank trusted in every respect. Efforts will be made to continuously make new breakthroughs in core technologies, and keep enhancing the capability of developing proprietary technologies and controlling

related risks. In addition, we will attach greater importance to customer information security and set an example in customer information protection.

Second, digitalization. It is mainly to build a leading digital bank in the market. We will deeply participate in the market-oriented reform, which takes digitalization as an essential element, to meet the needs of a digital China and digital economy.

Third, ecosphere. It is mainly to build an open, interconnected, borderless and integrated banking ecosphere. We will accelerate the development of scenarios, ecospheres and platforms, and join hands with stakeholders to achieve mutual benefits and win-win results.

Fourth, intelligence. It is mainly to build a smart bank with technological genes embedded into all processes, continuously improving the ability of intelligent application.

Fifth, agility. It is mainly to build an agile bank with its development driven by innovation. Our mechanisms and systems should enable faster integration of business and technology for quicker, earlier and better response to customer demand.

There is a heavy workload in terms of customer service, be it internal response or external demand. How to achieve integration of internal and external operations and the collaboration across the command chain requires both response from business and support from mechanisms and systems. Moreover, the ICBC decisions should be more responsive to customers' ideas and requests. There is a lot of work to do in this respect. And whether it is well done or not is a decision left to customers and investors. Thank you!

[Question 4] China Life Assets - Wang Xiaohui: Good evening. I am Wang Xiaohui from China Life Asset Management. First of all, congratulations to ICBC for your remarkable results. We have noticed that at the General Meeting held in June last year and on some other occasions, ICBC mentioned that its new leadership was formulating and implementing key strategies such as “No.1 Personal Bank”, “Preferred Bank for Domestic Foreign Exchange Business” and “Sharpening Competitive Edge in Key Regions”. There are strong competitors in each strategy. Some even say that, for example, personal banking is changing from blue ocean to red ocean. I would like to ask how these strategies are aligned with ICBC's existing competitive strengths. What specific results have these key strategies delivered in 2020? What is the focus of your next step? In addition, what is your specific plan to serve rural revitalization?

President Liao Lin: Thank you for your questions. Thank you very much for your concern for ICBC's key strategies. Last year, our Chairman announced these strategies at the General Meeting. Now I'd like to provide an update on their progress.

The first question is about the progress of the three key strategies till the end of last year. The overall result of the “No.1 Personal Bank” strategy in the year can be

described as “breaking new ground”. At the end of the year, ICBC managed RMB16 trillion financial assets for 680 million individual customers, indicating a leading position in the industry. The pre-tax profit of personal banking exceeded RMB170 billion for the year, contributing more than 44% of total pre-tax profit, an increase of 0.8 percentage points.

As for the strategy of “Preferred Bank for Domestic Foreign Exchange Business”, I’d like to describe it as a “good start”. In the year, nearly 9,000 foreign exchange outlets were opened. That is, of ICBC’s approximately 16,000 outlets, about 9,000 outlets were labeled as foreign exchange service providers last year. The number of active corporate foreign exchange customers increased by more than 10%. Last year, the increment in our foreign exchange deposits and loans topped the market, and the balance of loans rising by nearly 30% from the beginning of the year.

The strategy of “Sharpening Competitive Edge in Key Regions” had “made solid progress”. As of the end of last year, the incremental deposits and loans in five key regions, namely the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macau Greater Bay Area, Central China and the Chengdu-Chongqing region, both accounted for more than 70% of domestic branches’ total. The five key regions are major contributors to our deposits and loans.

The second question is about rural revitalization. We are formulating the strategy of “Urban-rural Interconnected Development” to serve rural revitalization. ICBC has an edge in urban finance. It is of great significance to leverage our strengths in urban finance and financial technology to empower rural revitalization, and to use our strengths in urban finance to empower rural finance. With ICBC’s strengths and financial power, we will try every means possible to improve the access to financial services in rural areas.

The third question is about how to align ICBC’s strategies with our strengths. It is a good question. The areas in which ICBC has confidence and competitive edge are corporate banking, institutional banking, financial transaction business and settlement service. These four segments represent ICBC’s traditional strengths. And our strategies should make best of such strengths. In terms of corporate banking, we have nearly 8 million corporate customers in the domestic market, and most of them are high-quality customers among top market players. We have a sharp edge in corporate deposits and loans, as well as global and structured investment and financing. In terms of institutional business, we have nearly 500,000 institutional customers, including more than 3,000 financial institutions. We have maintained marked, long-standing advantages over competitors in this field, by customer base and total or incremental business volume. As for the financial transaction business, we stay ahead of our competitors in terms of lead underwriting, bond investment or fee-based income from transactions. We also have a notable edge in global financial market business and RMB bond investment. With regard to settlement service, ICBC has kept its edge sharp in this area since the Bank was separated from the PBOC. We have comparative advantages in personal and corporate settlement accounts, transaction settlement and

clearing, global cash management and treasury management. As one of ICBC's strengths, the settlement business is set to bolster the strategic business development of the Bank, make fresh contributions to value creation, and deliver satisfactory results to global long-term investors, value investors and green investors.

In addition, we will work hard to gain a "firm footing" and a "solid foundation". The "firm footing" is mainly about FinTech and enterprise risk management. We need a firm footing to empower us. FinTech is a managerial edge of ICBC, and enterprise risk management also represents a comparative advantage of ICBC. The "solid foundation" focuses on enhancing the efficiency of GBC coordination and building a sound customer ecosphere, including channel digitalization, team building and future pension finance. They are all our competitive edges in "solid foundation" in the future.

What I just said above can be summarized into a four-pronged action plan of ICBC, namely "making best use of strengths, shoring up weaker areas, gaining a firm footing and consolidating the foundation". Faced with new opportunities and challenges, ICBC will further optimize its strategic system and highlight its strategic priorities in line with market changes, seeking to deliver new bright spots in its overall business performance each year. Thank you for your questions.

[Question 5] Retail investor - Zhao Lei: Good evening. I am Zhao Lei, a retail investor. At the beginning of this year, we saw ICBC and the Ministry of Industry and Information Technology (MIIT) sign a strategic cooperation agreement to support the high-quality development of the manufacturing industry. As the largest commercial bank, what has ICBC done to support the real economy and promote high-quality development? What is your plan for manufacturing loans, inclusive loans and green finance? What impact will these measures have on ICBC's ability to create value? In addition, what ICBC has achieved in supporting the private-sector economy? Thank you!

Vice President Xu Shouben: Thank you very much for your questions. And also thank you for your concern about our cooperation agreement with MIIT to support the high-quality development of the manufacturing industry.

For ICBC, it is our bounden duty to support the development of the real economy, and we have done a lot of work on it. In this process, our financial services for industries, people's livelihood and cross-border business have achieved good results, especially in the fields of manufacturing, green finance and inclusive finance.

According to your questions, I will focus my answer on manufacturing, inclusive finance and green finance.

With regard to supporting the high-quality development of the manufacturing industry, ICBC has a natural historical connection with industrial and commercial enterprises. In 2020, corporate loans to the manufacturing industry increased by RMB218.9

billion, with an outstanding balance of RMB1.65 trillion. Incorporating bonds, leasing and other integrated financing instruments, that figure would exceed RMB2 trillion. Medium and long-term loans reached a record high in both growth rate and balance, ranking first among peers. By segments, we not only support the transformation and upgrading of traditional manufacturing, but also support new-generation information technology and high-end equipment. In terms of borrowers, the supported manufacturers include industry leaders as well as some small and medium-sized manufacturers. In supporting manufacturing development, we also have gained a lot of business opportunities in terms of deposit, lending, settlement, wealth management, payroll service and personal banking.

The financial services of manufacturing require well-established risk control techniques. Especially when it comes to some new high-tech firms and tech startups, we need to constantly explore new risk control modes in the course of supporting development of these industries. In 2020, we made a lot of explorations in improving the policy system and risk control modes in this field. And this year we will make continued explorations in supporting the high-quality development of the manufacturing industry. ICBC is experienced in serving the manufacturing industry, which is also our advantage. In the next step, therefore, we will continue to step up support for manufacturing, industrial chains and supply chains, and further improve our financial service models for manufacturing by integrating loans, bonds, equity, agency, leasing and advisory services.

Next, I'd like to talk about inclusive finance. Our efforts will focus on "inclusiveness" and "commercial sustainability".

As for "inclusiveness", our inclusive loans grew by 58% in 2020, and the number of small and micro enterprises with outstanding inclusive loans increased by 43%, showing rapid expansion in the scale and scope. Moreover, our new loans were granted at an average interest rate of 4.13%, down 39 bps from the previous year.

Under the principle of "commercial sustainability", we endeavored to enhance the "digital" and "professional" dimensions of inclusive finance.

Digital inclusive finance mainly refers to the refined online product line consisting of "Quick Lending for Operation", "Online Revolving Loan" and "Online Supply Chain". It is to create a digital inclusive finance system that better accommodates the needs of small and micro enterprises, so that the inclusive finance products are more convenient, better targeted and directly accessible to target borrowers. Over 90% of our inclusive finance transactions conducted last year were processed online, and these online products suited customer needs better.

Professional inclusive finance has, at its core, well-controlled risk cost and operating cost. We have built a whole-process, intelligent and look-through digital risk control system. Through ongoing improvements in intensive operations, we have managed to conduct inclusive finance business more efficiently at a decreasing operating cost. On the basis of financing, we also provide intelligent and commercial services. With the

three services combined, we are expanding our professional service capabilities. At present, our inclusive finance business manifests good quality of development, as shown by an NPL ratio of 1.09%.

We have been deeply involved in green finance for many years. The balance of green credit at the end of 2020 stood at RMB1.85 trillion, an increase of RMB220.2 billion over the beginning of the year. By the end of 2020, ICBC had issued a total of USD9.83 billion in green bonds and won 10 international awards. In terms of specific moves, we have successively issued green credit policies for 16 sectors and 50 industries. We carried out ESG green rating and index research, and took the lead in compiling the *Guide to Environmental Information Disclosure of Financial Institutions*, a forerunner in the formulation of industry standards.

Manufacturing, inclusive finance and green finance are important areas in our endeavor to optimize the credit planning for the future. They help enrich ICBC's ecospheres, cement the relationship between upstream and downstream customers in the supply chain and optimize our risk-weighted asset mix. In 2020, our risk-weighted assets at ICBC increased by 8.1%, 2.6 percentage points slower than total assets. We are serving the real economy with higher efficiency. In particular, applying retail technology to inclusive lending has played a crucial role in optimizing the risk-weighted asset mix. That is what we have done in supporting the real economy and high-quality development. Thank you for your questions.

[Question 6] Crédit Agricole CIB - Clement Lecroart: Now that the transitional period for the new regulation on asset management has been extended, can ICBC complete the rectification for its wealth management products by the end of 2021? How many assets should return to the balance sheet? What is the current development of your wealth management subsidiary? What is the market demand for net asset value (NAV)-based products?

Vice President Xu Shouben: The new regulation on asset management is especially important for the asset management business to return to its original mission. It is of great significance for ushering in the Asset Management 2.0 Era. Let me respond to your questions as follows.

First, it can be said that after the wealth management subsidiary was established, the NAV-based asset management products that comply with the new regulation have demonstrated good growth momentum. Last year, ICBC's NAV-based asset management products exceeded RMB1 trillion, suggesting good market response and recognition. We have made sound progress in the transformation of asset management.

Second, our resolution of existing assets has progressed steadily. ICBC has actively designed a rectification plan for the existing assets according to regulatory requirements and our own conditions. A variety of measures have been taken to resolve existing assets. As shown by the implementation status, our progress has met

the regulatory requirements. We also conducted stress tests under different scenarios, and it is expected that only a very small proportion of the assets will return to the balance sheet, having a minor impact on asset quality, allowances to NPLs ratio and capital adequacy ratio on the balance sheet.

Third, during the transitional period of the new regulation, our rectification arrangements have taken into full account such factors as market capacity, market expectations, and alternative products. They will not have any significant impact on the market.

ICBC will continue to work hard on asset management, and provide higher-quality financial services better suited for customer needs. We hope to turn the “transitional period” into a “growth period”. Thank you!

[Question 7] Morgan Stanley - Xu Ran: Thank you very much for giving me the opportunity to ask questions. I’d like to ask about loans and their pricing strategy this year. We see strong demand for loans as the economy is recovering. We also see that monetary policy gradually returning to normal. In addition, there will be more financial institutions labelled as systemically important this year, limiting the lending capacity of some banks. We think this should also be an opportunity for a bank with abundant capital like ICBC. In this respect, I am wondering what is ICBC’s outlook for the pricing, strategy and policy for loans this year. Thank you very much.

Vice President Xu Shouben: Thank you for your question. This year, we will keep our lending policy prudent. The total scale of loans will eventually depend on the overall market demand.

At present, the market demand is relatively strong. This year, our lending will focus on new manufacturing, new services and new basic industries, high-tech industries and tech startups. We will also continue to serve people’s basic needs and meet their financial needs for consumption upgrades.

These areas are important parts of our credit planning for the future, and we are full of confidence in these markets. Thank you!

[Question 8] Citigroup - Filip Tomasik: I want to ask about ICBC’s future dividend policy. A higher dividend rate helps boost valuation. My question is if ICBC will consider increasing the dividend payout ratio to boost ICBC’s stock valuation? Thank you!

Board Secretary Guan Xueqing: Thank you for your question. It is a question frequently asked in the past few years. And I have responded to it on various occasions.

First, ICBC’s dividend policy is always a stable one. By June this year, ICBC’s cash dividends paid to shareholders will reach RMB1,093.6 billion accumulatively, the

largest among China's listed companies, and a short-term value return to shareholders. An outstanding listed bank should also consider its long-term development. An appropriate and reasonable cash dividend payout ratio can meet the needs of both long-term investors and value investors.

Just now, investors asked whether we would further increase the payout ratio of cash dividends to restore and boost the valuation. In my opinion, valuation depends on many factors in the banking industry, especially in China. If we take a comparative look at the valuations of global banks, we will find that different markets have different characteristics.

We think that an appropriate cash dividend can meet the short-term return requirements of investors. ICBC has a high payout ratio, either for A shares or H shares. Calculated with the stock price at the end of last year, the cash dividend payout ratio is much higher than the time deposit rate for the same period. In addition, maintaining a reasonable cash dividend will help ICBC enhance its ability to replenish capital from within. With more than RMB200 billion of internal capital replenishment, we can expand to more markets and attract more customers, laying a stable and solid foundation for the long-term corporate value, and enable our shareholders to reap more long-term strategic benefits to promote the growth of corporate value. Thank you for your question.

[Question 9] CLSA - Fan Haishuo: Thanks to the Management for giving me the opportunity to ask questions. My questions are about personal banking. ICBC launched the “No.1 Personal Bank” strategy across the board last year. Just now President Liao also talked about your operating results of last year. I believe the market has high hopes for ICBC's personal banking strategy, for the Bank has many unique advantages. Please share with us what indicators draw our particular attention when implementing the “No.1 Personal Bank” strategy. For these indicators, are there any quantitative targets in the future, such as several years ahead? Thank you!

Board Secretary Guan Xueqing: Thank you for your question, Mr. Fan. I remember the year before last, when we began to plan the “No.1 Personal Bank” strategy, you followed me all the way to ask this question, showing your long-term concern for this issue.

For ICBC, 2020 marked a year of deepening the “No.1 Personal Bank” strategy. Now, our pre-tax profit from personal banking contributed 44% of total pre-tax profit, as President Liao said earlier. Last year, ICBC delivered some outstanding results in the “No.1 Personal Bank” strategy: First, the penetration and execution of the strategy are getting stronger and stronger. Second, the personal wealth managed by ICBC has reached the largest scale in the market. Personal assets under management totaled RMB16 trillion, which did not include the stock assets of these customers. Third, we have 680 million individual customers, with a net increase of over 30 million customers last year. The number of personal mobile banking users reached 416

million, with more than 100 million monthly active users, the largest among comparable peers. Fourth, personal loans reached RMB7.1 trillion, dominated by residential mortgages. 90% of residential mortgage borrowers were first-time homebuyers, and only 0.28% of residential mortgages went non-performing, with LTV of just over 50%. In addition, our personal business loans, credit card business and private banking business have developed rapidly. At the end of last year, there were 180,000 private banking customers under comparable disclosure standards across the industry, and the private banking assets under management exceeded RMB2 trillion. We have provided effective family wealth trust management and high-quality wealth advisory services. From this perspective, ICBC is also the largest wealth manager in the banking industry.

Mr. Fan just asked which indicators require further boost in the next step. First, ICBC should further strengthen its customer development, especially the development of high-end, mid-range and long-tail customers, keep optimizing the customer mix and expand the customer base in general. Second, we will further enhance our wealth management capability, and fully support customers in realizing their dreams for wealth management, housing, business startup and consumption. Third, it is necessary to further promote online, digital and scenario-based development to boost customer development and market competitiveness in a new situation. Fourth, we will further manage the credit risk, operational risk and compliance risk in the journey toward the “No.1 Personal Bank”. Thank you for your questions.

[Question 10] Email question: The broad network of branch offices is a major competitive advantage of ICBC. However, as technology is gradually changing the traditional banking industry, more and more business operations are moving online. Will these branch offices lose their functionality in the future, and result in a loss of ICBC’s competitive advantage? Especially nowadays, young people are used to doing banking online instead of visiting a branch office. Will this trend make ICBC’s outlets a burden on future performance? If all the businesses will move online in the future, is it necessary for our outlets to continue their existence?

President Liao Lin: ICBC has nearly 16,000 outlets, which is indeed our traditional advantage. Now, only less than 2% of transactions are processed over the counter. And where to go in the future is a matter of great concern to everyone. This is a very good question. It will be answered by Vice President Zhang Wenwu in charge of the service channels.

Vice President Zhang Wenwu: For ICBC, outlets are always extremely valuable resources, and represent one of our core competencies.

First, our outlets are important windows for ICBC to serve numerous households and businesses. ICBC has a large scale of business and great diversity of customers. Although most of our business has moved online, I have several figures for last year to share with you. First, 87% of new accounts were opened at outlets, and 71% of

outlets provided inclusive finance to nearly 100,000 small and micro enterprises. Last year, some outlets were closed during the severe COVID-19 pandemic. Even so, we still had more than 1 billion visitors to our branch offices. It should be said that even though much of the business has gone online, outlets are still an important channel of our business.

Second, the functions of outlets need to keep pace with the times. At present, what have moved online are mostly simple, standardized and low value-added operations, such as transfer and remittance. Complex operations, including account services, loans, investment and wealth management and high value-added transactions, still need to be processed at outlets. In the future, we will continue to decentralize some functions among outlets, where both corporate and personal transactions, RMB and foreign-currency operations, as well as asset and liability businesses will be carried out and developed together. All these operations require further enhancement of outlet functions. Last year, over 93% of outlets provided comprehensive services, and more than 80% of outlets were able to deal with foreign exchange business. While traditional functions are moving online, some new functions are assigned to branch offices. Generally speaking, ICBC will keep enhancing outlets' ability to provide comprehensive services encompassing corporate and personal banking, RMB and foreign currencies, and assets and liabilities.

Third, the overall network of outlets should be further adjusted. Now we have 16,000 outlets, and that number is basically stable. However, the overall network needs to be adjusted in two respects. First, as the urban functions are re-planned, the network of outlets should be changed according to economic adjustments to keep pace with the times and reflect the situation. On the other hand, China is vigorously implementing the rural revitalization strategy. ICBC will also actively promote urban-rural coordination. The urban-rural coordination strategy cannot depend entirely on online operations. The support from offline personnel is needed, and the follow-on services also should be tracked.

Fourth, outlets are core links in integrating our online and offline channels. As for the current model that integrates online and offline operations, there is not much controversy in the industry. An important feature of large commercial banks is that both online and offline operations are well developed. In the future, one of our major tasks is to bring into play new online and offline functions, such as offline outlets, online banking, remote banking center and account managers. The IT channel is smooth and unobstructed, allowing one-point access to all services in the channel. That is our goal. Therefore, we will unswervingly move forward to online-offline integration. We made a lot of trials last year and the year before. Some scenarios have been well established, such as issuing credit reports. In less than two years to date, we have moved over 80% of transactions online under 27 scenarios. We upgrade our traditional outlets largely based on the integration of online and offline operations.

Fifth, the branch offices of a commercial bank go beyond commercial banking to serve the larger society. They not only function as commercial banking outlets, but

also provide services under government, commerce and consumption scenarios that have both social and financial functions. In addition to financial functions, the collaboration between domestic and overseas outlets is further strengthened.

Sixth, the internal reform of outlets should be continuously advanced. Outlets are conventionally seen as spaces with tall counters behind which tellers are working. Now, through technological empowerment and process streamlining, we have freed our tellers from counters and moved them into the lobby. In this way, our outlets will shift from transaction processing to selling and value creation. And our outlets will be further vitalized. In a word, the importance of outlets is self-evident. We at ICBC will not waste such precious resources as a rich mine. Thank you!

President Liao Lin: Let me add some points for that question.

For ICBC, outlets will not disappear, and we will not lose our conventional strengths in channels. Nearly 16,000 physical outlets can give ICBC huge room for development in the future. First, structural adjustments will give a strong impetus to value creation. For example, the mix of own premises and rented premises of outlets can be adjusted, and outlet reallocations can be made between urban and rural areas to support rural revitalization. There are still many counties ICBC has no presence, and many of them are priority areas in rural revitalization. We can make some adjustments in this respect. There is also room for adjustments between the new and old urban areas, and between communities or neighborhoods. That is the space for structural adjustments. Second, external empowerment will also add luster to outlets. Future outlets may not only serve bank customers, but also serve the general public more broadly. In the future, “ICBC Sharing Station” will have huge space for development. In the old, traditional banks, the Italian word “Banca” means a long bench. With streams of people in place, there will be more ecosystem scenarios. Third, boosting the competitiveness of outlets will become a particularly important topic for ICBC. In the past, higher-ranking account managers in corporate and institutional banking were responsible for maintaining the relationship with much of our big clients. Now there are so many individual customers, and so many small and micro business customers, to be dealt with at the outlet level. Fourth, the modern financial system to be built is described as “highly adaptive, competitive and inclusive”. Since it is inclusive, the threshold of outlets may be even lower.

[Question 11] Guotai Junan - Guo Changhao: First, congratulations to Mr. Liao on taking office as President. What work do you want to promote most after taking office? Looking ahead, what new results do you expect ICBC to achieve under your leadership? Thank you!

President Liao Lin: Thanks to the analyst for your concern about the leadership change.

As the new President of ICBC, my goal is to lead the Management of the Bank and make every effort to enhance ICBC’s ability to create value according to the strategic

plan of the Board of Directors (the “Board”). In the next step, the Management will focus its work on two very important things. One is to implement, and the other is to advance.

First is to implement. We will implement the State’s strategic plans, regulatory requirements and the Board’s strategic plans. That is the first duty of the Management.

Second is to advance. First of all, we will advance high-quality development, which is conditional upon fully serving the real economy. ICBC will serve the real economy by “making best use of strengths, shoring up weaker areas, gaining a firm footing and consolidating the foundation”. Secondly, we will advance high-quality enterprise risk management. The enterprise risk management will be carried out with a focus of managing people and money, managing the three lines of defense, and managing the bottom lines (the regulatory bottom line cannot be touched, and the managerial bottom line cannot be crossed). Thirdly, we will advance high-quality transformation. It is oriented to deepening reforms and building a customer-centric system with high adaptability, competitiveness and inclusiveness, including building a good ecosystem of banks and customers. Thank you for your question.

[Question 12] China Merchants Securities - Liao Zhiming: ICBC has the largest number of individual customers among domestic banks. What is your plan for fee-based income in the next three to five years? Especially in terms of wealth management, how will you respond to the general trend that the deposits take up a shrinking share in personal financial assets? What is the current situation of your wealth management? Please provide us with your outlook for the income from wealth management and its share in operating income after three years from now.

President Liao Lin: Let’s get back to the “No.1 Personal Bank” strategy. The fee-based income in question includes wealth management. It is a bit difficult to predict what will happen to wealth management after three years, because planning is underway, but wealth management is an important direction for us in the short run. Our Board Secretary Guan Xueqing previously took charge of personal banking. He will answer this question.

Board Secretary Guan Xueqing: I have already talked about it in my earlier answer. ICBC has the largest number of active individual customers, and boasts a fairly large size of wealth management. The RMB16 trillion worth of personal financial assets include RMB11 trillion savings deposits. And the customer assets under management are close to RMB5 trillion. For ICBC, these financial assets rather than savings deposits have formed a good basic pattern of wealth management.

ICBC may expand its wealth management business on the following fronts in the future: First, we will step up the development of private banking, and, in particular, provide more valuable wealth advisory services for high-net-worth individuals (HNWIs).

Second, we will make good use of relevant platforms of our wealth management subsidiaries. At present, our asset management sees a “1 + 1 + N” wealth management platform taking shape at ICBC, including ICBC Wealth Management, ICBC Credit Suisse Asset Management, the asset management platform under ICBC-AXA, an insurance company, and other overseas asset management platforms. They have formed a global asset management network, providing safer and more effective wealth management services for individual customers.

Third, ICBC’s wealth management is characterized by safety and stability in pursuit of reasonable, effective wealth value-added services for customers.

Fourth, ICBC will continue to develop its core competencies in wealth management in the future, especially the investment and research capabilities and wealth advisory capabilities of relevant asset management platforms, so as to enable effective coordination between personal savings deposits and other wealth management products.

Fifth, ICBC will further unleash its strengths on the G and B fronts to drive the rapid growth and structural optimization of the total personal wealth on the C front, so as to promote the Bank’s transformation by increasing wealth management income, and especially to further boost the growth momentum of fee-based income.

As for your question about its share after three years, please note that ICBC’s operating income is growing fast every year, so this share depends more on the growth rate and scale of wealth business income. That is my answer.

[Question 13] Taikang Insurance - Xing Yi: I wanted to ask about the presidential transition, but the question is already answered. So, I’d like to ask a very specific little question. In the *Report on the Work of the Government* and the PBOC’s regular meeting on monetary policy, it is required that the loan interest rates in real terms should be further reduced. My question is, in respect of further reducing the lending rate in real terms against the backdrop that the PPI is likely to rebound this year, how to construe the word “real”?

Vice President Zhang Wenwu: I won’t interpret the report. It might be better to interpret the interest margin of commercial banks. Investors have noticed a marked decline in the net interest margin (NIM) of ICBC last year, firstly due to the change in scope. Pursuant to the requirements of Ministry of Finance, we transferred the income from credit card installments from the fee-based income to interest income, bringing NIM under the same standard down to 2.15% from 2.30%. Investors want to figure out whether the NIM will change or not. And that may be the real concern behind your question.

First, as the NIM declined in 2020, both the return on assets and the cost of liabilities went down. Of course, the return on assets dropped faster. The return on assets fell by 24 bps, the cost of liabilities fell by 9 bps and NIM dropped by 15 bps. They moved in

the same direction, but to different degrees. However, we have done much better than our international peers. As shown by the published annual reports of large US banks, their NIM dropped by 40 to 60 bps. By comparison, the drop of 15 bps recorded by ICBC is much better.

Second, the NIM poses a challenge to the entire banking industry. It is estimated that all banks, whether they have disclosed their results or not, are under great pressure in this respect.

Third, everyone must be concerned about the NIM developments. But it is difficult for you to predict the NIM trend. There are some developments worth noting. First of all, from the quarterly perspective, as for the rate of return and interest rate of commercial banks, our return on assets has been declining since the beginning of 2019, and it is a continuous decline. However, since the fourth quarter of last year, the quarterly return has not dropped so fast, and it has stabilized somewhat. That is the situation on the asset side. The competition on the liability side is fierce. The demand for deposits is rigid, and the interest rate has not dropped that fast. That is the situation inside the bank. From the market point of view, LPR has remained unchanged for several consecutive quarters. It is the market rate. On the other hand, the U.S. treasury rate has also risen recently. That is to say, in terms of international and domestic interest rates, there is a less unilateral downward trend in terms of yield and NIM. Whether they are going up or down depends on the management ability of each bank, and also on the market trends.

It should be said that to figure out the NIM trend, looking at the following aspects will be helpful. Anyhow, ICBC shows diversity in assets. With regard to management of liabilities, we will leverage on our strengths in collaboration with the technology segment, and our strengths in online and offline channels. It is undoubtedly the core task of ICBC in terms of operation and management. Therefore, we will adopt various methods, whether it is scale management, maturity management, yield management or cost management, financial or non-financial. The management of asset and liability pricing must be our core task, and we will have it well done.

President Liao Lin: Let me add one point. An analyst just asked about loan pricing, and this investor asked how to construe the word “real” in the term “real interest rate”. Pricing is quite important, and it is also important for large banks to strike a balance among indicators in the future, in particular among value creativity, market competitiveness, risk control and capital constraint. Value creativity focuses on ROA, ROE and growth rate of net profit. Market competitiveness focuses on deposit interest rate, loan yield, NIM, market share and ratio of non-interest income. Risk control focuses on NPL ratio and allowances to NPLs. Capital constraint focuses on capital adequacy ratio. I think striking a balance among these indicators is an important basis for creating value. Thank you!

(Note: The host of this briefing reminded investors on the scene as follows: There are

still some questions raised by investors and analysts not answered due to limited time. After the meeting, the investment relations team will remain available for effective liaison and communication.)