ICBC

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

Stock Code: 1398

2023 Annual Report

Company Profile

Industrial and Commercial Bank of China was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured into a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The Bank has devoted itself to building a world-class and modern financial enterprise with Chinese characteristics. The Bank has a high-quality customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and adheres to creating value through services while providing abundant financial products and superior financial services to over 12.05 million corporate customers and 740 million personal customers around the world. It has served the high-quality development of the economy and society with its own high-quality development. The Bank has been consciously integrating social responsibilities into its development strategy and operation and management activities, and gaining wide recognition in the aspects of serving the manufacturing industry, promoting inclusive finance, backing rural revitalization, developing green finance and participating in public welfare undertakings.

The Bank always keeps in mind its underlying mission of serving the real economy with its principal business, and along with the real economy it prospers, suffers and grows. Taking a risk-based approach and never overstepping the bottom line, it constantly enhances its capability of controlling and mitigating risks. Besides, the Bank remains steadfast in understanding and following the business rules of commercial banks to strive to be a long-lasting and ever-prosperous bank. It also stays committed to seeking progress with innovation while maintaining stability, continuously enhances the key development strategies, actively develops the FinTech and accelerates the digital transformation. The Bank unswervingly delivers specialized services, and pioneers a specialized business model, thus making it "a craftsman in large banking".

The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker* and the 1st place in the list of commercial banks of the Global 500 in *Fortune* for the eleventh consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the eighth consecutive year.

Strategic Objective

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC will adhere to the general working principle of pursuing progress while ensuring stability, fully and faithfully apply the new development philosophy on all fronts, modernize its governance system and capacity, and turn ICBC into a world-class and modern financial enterprise with Chinese characteristics.

Strategic Significance

Adhere to the guidance of the Party building theory and exercising rigorous corporate governance

ICBC upholds the Party's leadership over the financial work, and strives to improve the scientific decision-making as well as the effectiveness of corporate governance through enhanced governance system and capacity building.

Adhere to technology-driven development and value creation

ICBC empowers its business operations and management with FinTech, and creates superior value for the real economy, shareholders, customers, employees and the society as a whole.

Adhere to pushing for pragmatic business transformation and progressing through reform

Keeping pace with changing times, ICBC endeavors to advance reforms in key areas and critical steps, seeking room for development through transformation and vitality for growth through reform.

Adhere to putting the customer first and serving the real economy

ICBC remains steadfast in serving the real economy and commits to satisfying people's new expectations and demands for financial services, making every effort to build the No.1 Personal Bank.

Adhere to a broad international vision and globalized operations

ICBC proactively taps resources from both domestic and overseas markets, and undertakes to constantly promote international development, which well-integrates with China's high-level opening-up.

Adhere to laying a solid foundation for risk control and achieving development through talent cultivation

ICBC safeguards the lifeline of asset quality by reinforcing bottom-line thinking with a combination of prevention and control measures. Meanwhile, corporate culture formation and caring for staff are strengthened to increase group cohesion.

MISSION

Excellence for You

Excellent services for clients

Maximum returns to shareholders

Real success for employees

Great contribution to society

VISION

To build a world-class modern financial institution with Chinese characteristics in all aspects, and become a long-lasting and ever-prosperous bank

VALUES

Integrity Leads to Prosperity

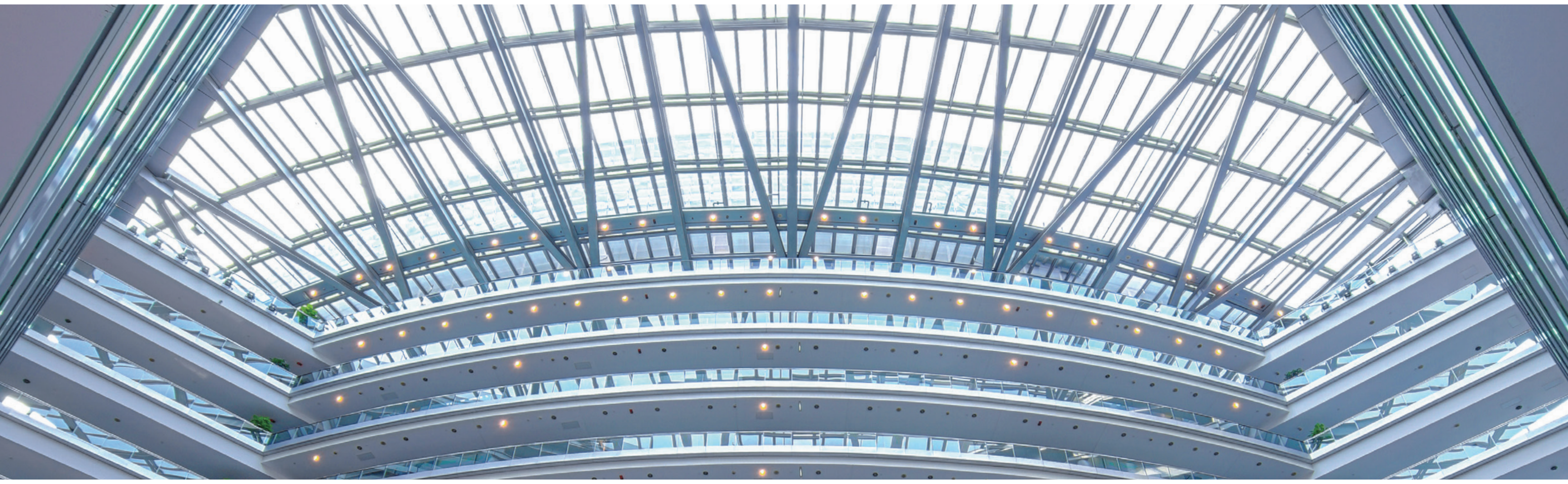
Integrity

Humanity

Prudence

Innovation

Excellence



Contents

Definitions

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

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Bank ICBC (JSC)	Bank ICBC (joint stock company)
Capital Regulation (Provisional)	Regulation Governing Capital of Commercial Banks (Provisional) promulgated in June 2012
Capital Regulation/New Capital Regulation	Regulation Governing Capital of Commercial Banks
CSRC	China Securities Regulatory Commission
Former CBIRC	Former China Banking and Insurance Regulatory Commission
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
ICBC (Almaty)	Industrial and Commercial Bank of China (Almaty) Joint Stock Company
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Austria)	ICBC Austria Bank GmbH
ICBC (Brasil)	Industrial and Commercial Bank of China (Brasil) S.A.
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Indonesia)	PT. Bank ICBC Indonesia
ICBC (London)	ICBC (London) PLC
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Mexico)	Industrial and Commercial Bank of China Mexico S.A.
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Peru)	ICBC PERU BANK
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (Turkey)	ICBC Turkey Bank Anonim Şirketi
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Investment	ICBC Financial Asset Investment Co., Ltd.
ICBC Investments Argentina	ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC Standard Bank	ICBC Standard Bank PLC
ICBC Wealth Management	ICBC Wealth Management Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
ICBCFS	Industrial and Commercial Bank of China Financial Services LLC
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
Inversora Diagonal	Inversora Diagonal S.A.
MOF	Ministry of Finance of the People's Republic of China
NFRA	National Financial Regulatory Administration
PBC	The People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises promulgated by MOF
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSF	National Council for Social Security Fund
Standard Bank	Standard Bank Group Limited
State Council	The State Council of the People's Republic of China
The Bank/The Group	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

Major Ranking and Rewards in 2023

Ranking the 1st place

Among the Top 1000 World Banks for the eleventh consecutive year

TheBanker

The Banker

Ranking the 1st place

Among commercial banks in the Global 500 for the eleventh consecutive year

Fortune

Ranking the 1st place

Among the Top 500 Banking Brands for the eighth consecutive year

Brand Finance®

Brand Finance

Ranking the 1st place

In the "Corporate Brand Value List" for the eighth time

China Council for Brand Development

Ranking the 1st place

In the GYROSCOPE assessment system among national commercial banks for the third consecutive year

中国银行业协会 CHINA BANKING ASSOCIATION

China Banking Association

AA

MSCI ESG Ratings

MSCI

Best Bank in China

Best Corporate Bank in China

Best Bank for Belt and Road in China

GLOBAL FINANCE

Global Finance

Digital Bank of the Year, China

Best Private Bank, China

Best Custodian Bank, China

THE Asset 財資

The Asset

Best Wealth Management Bank in Asia Pacific

Green and Sustainable Bank of the Year in China

Best International Cash Management Bank in China

亚洲银行家 THE ASIAN BANKER®

The Asian Banker

Best Domestic Bank in China

Best Corporate Bank in China

Best Bank for Digital Solutions in China

Asiamoney

Best Inclusive Financial Service Bank of the Year

Best Green Finance Service Bank of the Year

金融时报 FINANCIAL NEWS

Financial News

Institution of Excellence in Financial Innovation

银行家 The Chinese Banker

The Chinese Banker

Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management members of Industrial and Commercial Bank of China Limited undertake that the information in this report contains no false record, misleading statement or material omission, and assume individual and joint and several liability for the authenticity, accuracy and completeness of the information in this report.

The 2023 Annual Report of the Bank and its abstract have been considered and approved at the meeting of the Board of Directors of the Bank held on 27 March 2024. All directors of the Bank attended the meeting.

The 2023 financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and International Standards on Auditing respectively, with unqualified auditors' reports being issued.

The Board of Directors of the Bank proposed distributing cash dividends for ordinary shares of RMB3.064 (pre-tax) for each ten shares for 2023. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2023. The Bank did not convert capital reserve to share capital.

The Board of Directors of Industrial and Commercial Bank of China Limited

27 March 2024

Mr. Liao Lin, Legal Representative and Person in charge of finance of the Bank, and Mr. Xu Zhisheng, Person in charge of Finance and Accounting Department of the Bank, hereby warrant that the financial statements contained in the Annual Report are authentic, accurate and complete.

The report contains forward-looking statements on the Bank's financial position, business performance and development. The statements are based on existing plans, estimates and forecasts, and bear upon future external events or the Group's future finance, business or performance in other aspects, and may involve future plans which do not constitute substantive commitment to investors. Hence, investors and persons concerned shall be fully aware of the risks and understand the difference between plans, estimates and commitments.

The Bank is primarily exposed to credit risk, market risk, interest rate risk in the banking book, liquidity risk, operational risk, reputational risk and country risk. The Bank has actively adopted measures to effectively manage various types of risks. Please refer to the section headed "Discussion and Analysis — Risk Management" for detailed information.

(This report is prepared in both Chinese and English. In the case of discrepancy between the two versions, the Chinese version shall prevail.)

Corporate Information

Legal name in Chinese

中國工商銀行股份有限公司("中國工商銀行")

Legal name in English

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED ("ICBC")

Legal Representative

Liao Lin

Registered address and office address

55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Postal code: 100140
Telephone: 86-10-66106114
Business enquiry and complaint hotline: 86-95588
Website: www.icbc.com.cn, www.icbc-ltd.com

Principal place of business in Hong Kong SAR, China

33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong SAR, China

Authorized representatives

Liao Lin and Guan Xueqing

Board Secretary and Company Secretary

Guan Xueqing
Address: 55 Fuxingmennei Avenue, Xicheng District, Beijing, China
Telephone: 86-10-66108608
Facsimile: 86-10-66107571
E-mail: ir@icbc.com.cn

Selected newspaper for information disclosure

China Securities Journal, Shanghai Securities News, Securities Times, Economic Information Daily

Website of SSE for disclosure of the annual report in respect of A shares

www.sse.com.cn

The "HKEXnews" website of HKEX for disclosure of the annual report in respect of H shares

www.hkexnews.hk

Legal Advisors

Chinese mainland

King & Wood Mallesons
17-18/F, East Tower, World Financial Center, 1 East 3rd Ring Middle Road, Chaoyang District, Beijing, China

Haiwen & Partners
20/F, Fortune Financial Center, 5 East 3rd Ring Middle Road, Chaoyang District, Beijing, China

Hong Kong SAR, China

DLA Piper
25th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong SAR, China

Linklaters LLP
11th Floor, Alexandra House, Chater Road, Central, Hong Kong SAR, China

Share Registrars

A Share

China Securities Depository and Clearing Corporation Limited, Shanghai Branch
188 Yanggao South Road, Pudong New Area, Shanghai, China
Telephone: 86-4008058058

H Share

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong SAR, China
Telephone: 852-28628555
Facsimile: 852-28650990

Location where copies of this annual report are kept

Board of Directors' Office of the Bank

Place where shares are listed, and their names and codes

A Share

Shanghai Stock Exchange
Stock name: 工商銀行
Stock code: 601398

H Share

The Stock Exchange of Hong Kong Limited
Stock name: ICBC
Stock code: 1398

Domestic Preference Share

Shanghai Stock Exchange
Stock name: 工行優1
Stock code: 360011

Stock name: 工行優2
Stock code: 360036

Offshore Preference Share

The Stock Exchange of Hong Kong Limited
Stock name: ICBC 20USDPREF
Stock code: 4620

Name and office address of Auditors

Domestic Auditor

Deloitte Touche Tohmatsu Certified Public Accountants LLP
30/F, 222 East Yan'an Road, Huangpu District, Shanghai, China
CPAs (Practicing): Wu Weijun and Zeng Hao

International Auditor

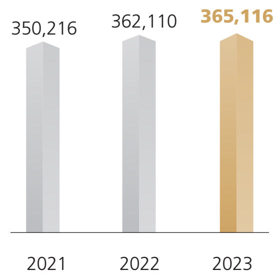
Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway, Hong Kong SAR, China

Financial Highlights

Net profit

Unit: RMB millions

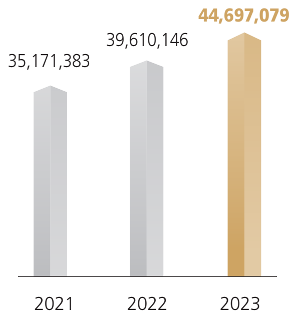
365,116 RMB million



Total assets

Unit: RMB millions

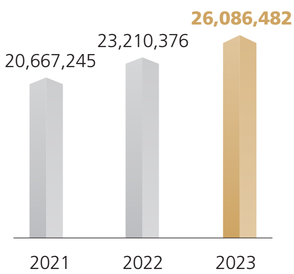
44,697,079 RMB million



Total loans and advances to customers

Unit: RMB millions

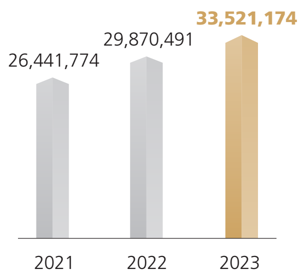
26,086,482 RMB million



Due to customers

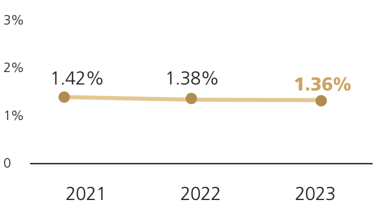
Unit: RMB millions

33,521,174 RMB million



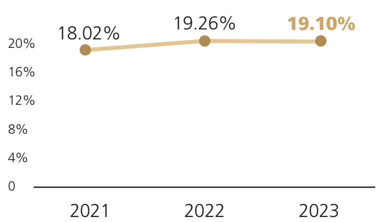
Non-performing loans (“NPLs”) ratio

Unit: %



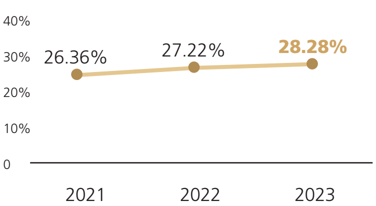
Capital adequacy ratio

Unit: %



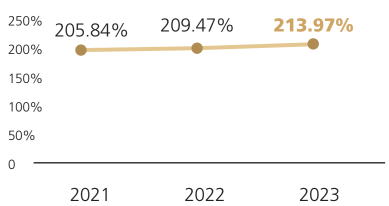
Cost-to-income ratio

Unit: %



Allowance to NPLs

Unit: %



Corporate customers

12.059 million

Up 1,366 thousand

Personal customers

740 million

Up 19.80 million

Business outlets

15,495

Personal mobile banking customers

552 million

Green loans

with balance of

5.4 trillion

Loans to manufacturing

with balance of

3.8 trillion

Agriculture-related loans

with balance of

4.24 trillion

Loans to strategic emerging industries

with balance of

2.7 trillion

(Financial data and indicators in this annual report are prepared in accordance with IFRSs and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

Financial Data

		2022				
	2023	Original[1]	Restated[1]	2021	2020	2019
Annual operating results (in RMB millions)						
Net interest income	655,013	693,687	691,985	690,680	646,765	632,217
Net fee and commission income	119,357	129,265	129,325	133,024	131,215	130,573
Operating income	806,458	841,441	842,352	860,880	800,075	776,002
Operating expenses	238,698	240,884	239,351	236,227	206,585	207,776
Impairment losses on assets	150,816	182,419	182,677	202,623	202,668	178,957
Operating profit	416,944	418,138	420,324	422,030	390,822	389,269
Profit before taxation	421,966	422,565	424,720	424,899	392,126	391,789
Net profit	365,116	361,038	362,110	350,216	317,685	313,361
Net profit attributable to equity holders of the parent company	363,993	360,483	361,132	348,338	315,906	312,224
Net cash flows from operating activities	1,417,002	1,404,657	1,404,657	360,882	1,557,616	481,240

Financial Data (continued)

	2023	2022 Original(1)	2022 Restated(1)	2021	2020	2019
As at the end of reporting period (in RMB millions)						
Total assets	44,697,079	39,609,657	39,610,146	35,171,383	33,345,058	30,109,436
Total loans and advances to customers	26,086,482	23,212,312	23,210,376	20,667,245	18,624,308	16,761,319
Corporate loans	16,145,204	13,826,966	13,826,966	12,194,706	11,102,733	9,955,821
Personal loans	8,653,621	8,236,561	8,234,625	7,944,781	7,115,279	6,383,624
Discounted bills	1,287,657	1,148,785	1,148,785	527,758	406,296	421,874
Allowance for impairment losses on loans(2)	756,391	672,762	672,762	603,983	531,161	478,730
Investment	11,849,668	10,527,292	10,533,702	9,257,760	8,591,139	7,647,117
Total liabilities	40,920,491	36,095,831	36,094,727	31,896,125	30,435,543	27,417,433
Due to customers	33,521,174	29,870,491	29,870,491	26,441,774	25,134,726	22,977,655
Corporate deposits	16,209,928	14,671,154	14,671,154	13,331,463	12,944,860	12,028,262
Personal deposits	16,565,568	14,545,306	14,545,306	12,497,968	11,660,536	10,477,744
Other deposits	210,185	199,465	199,465	250,349	261,389	234,852
Accrued interest	535,493	454,566	454,566	361,994	267,941	236,797
Due to banks and other financial institutions	3,369,858	3,185,564	3,187,712	2,921,029	2,784,259	2,266,573
Equity attributable to equity holders of the parent company	3,756,887	3,495,171	3,496,109	3,257,755	2,893,502	2,676,186
Share capital	356,407	356,407	356,407	356,407	356,407	356,407
Net common equity tier 1 capital(3)	3,381,941	3,121,080	3,121,080	2,886,378	2,653,002	2,457,274
Net tier 1 capital(3)	3,736,919	3,475,995	3,475,995	3,241,364	2,872,792	2,657,523
Net capital base(3)	4,707,100	4,281,079	4,281,079	3,909,669	3,396,186	3,121,479
Risk-weighted assets(3)	24,641,631	22,225,272	22,225,272	21,690,349	20,124,139	18,616,886
Per share data (in RMB yuan)						
Net asset value per share(4)	9.55	8.81	8.82	8.15	7.48	6.93
Basic earnings per share	0.98	0.97	0.97	0.95	0.86	0.86
Diluted earnings per share	0.98	0.97	0.97	0.95	0.86	0.86

	2023	2022	2021	2020	2019
Credit rating					
S&P(5)	A	A	A	A	A
Moody's(5)	A1	A1	A1	A1	A1

Notes: (1) Since 1 January 2023, the Group has implemented IFRS 17 – Insurance Contracts. In accordance with the IFRS requirements, the Group made retroactive adjustments to relevant data and indicators for the comparable periods in 2022. According to the accounting requirements of the Interim Measures for the Administration of the Gold Leasing Business issued by PBC, the Group has made adjustments to the presentation of the interbank gold leasing business since 2023 and adjusted relevant data for the comparable periods in 2022 accordingly.

(2) Calculated by adding allowance for impairment losses on loans and advances to customers measured at amortised cost with allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.

(3) Calculated in accordance with the Capital Regulation (Provisional).

(4) Calculated by dividing equity attributable to equity holders of the parent company after deduction of other equity instruments at the end of the reporting period by the total number of ordinary shares at the end of the reporting period.

(5) The rating results are in the form of "long-term foreign currency deposits rating".

Financial Indicators

	2023	2022 Original	2022 Restated	2021	2020	2019
Profitability (%)						
Return on average total assets(1)	0.87	0.97	0.97	1.02	1.00	1.08
Return on weighted average equity(2)	10.66	11.43	11.45	12.15	11.95	13.05
Net interest spread(3)	1.41	1.73	1.72	1.92	1.97	2.12
Net interest margin(4)	1.61	1.92	1.92	2.11	2.15	2.30
Return on risk-weighted assets(5)	1.56	1.64	1.65	1.68	1.64	1.75
Ratio of net fee and commission income to operating income	14.80	15.36	15.35	15.45	16.40	16.83
Cost-to-income ratio(6)	28.28	27.43	27.22	26.36	24.76	25.79
Asset quality (%)						
Non-performing loans ("NPLs") ratio(7)	1.36	1.38	1.38	1.42	1.58	1.43
Allowance to NPLs(8)	213.97	209.47	209.47	205.84	180.68	199.32
Allowance to total loans ratio(9)	2.90	2.90	2.90	2.92	2.85	2.86
Capital adequacy (%)						
Common equity tier 1 capital adequacy ratio(10)	13.72	14.04	14.04	13.31	13.18	13.20
Tier 1 capital adequacy ratio(10)	15.17	15.64	15.64	14.94	14.28	14.27
Capital adequacy ratio(10)	19.10	19.26	19.26	18.02	16.88	16.77
Total equity to total assets ratio	8.45	8.87	8.88	9.31	8.73	8.94
Risk-weighted assets to total assets ratio	55.13	56.11	56.11	61.67	60.35	61.83

Notes:
(1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.
(2) Calculated in accordance with the Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010) issued by CSRC.
(3) Calculated by the spread between yield on average balance of interest-generating assets and cost on average balance of interest-bearing liabilities.
(4) Calculated by dividing net interest income by the average balance of interest-generating assets.
(5) Calculated by dividing net profit by the average balance of risk-weighted assets at the beginning and at the end of the reporting period.
(6) Calculated by dividing operating expenses (less taxes and surcharges) by operating income.
(7) Calculated by dividing the balance of NPLs by total balance of loans and advances to customers.
(8) Calculated by dividing allowance for impairment losses on loans by total balance of NPLs.
(9) Calculated by dividing allowance for impairment losses on loans by total balance of loans and advances to customers.
(10) Calculated in accordance with the Capital Regulation (Provisional).

Quarterly Financial Data

	2023				2022 (Restated)			
(In RMB millions)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income	218,461	210,445	194,614	182,938	226,431	217,730	208,392	189,799
Net profit attributable to equity holders of the parent company	90,164	83,580	94,929	95,320	90,145	81,525	94,896	94,566
Net cash flows from operating activities	1,105,614	191,655	611,850	(492,117)	1,207,219	203,186	432,146	(437,894)

Chairman **Liao Lin**

2023 marks the opening of fully implementing the guiding principles of the 20th National Congress of the Communist Party of China ("CPC" or the "Party"). ICBC adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly studied and implemented the guiding principles of the 20th CPC National Congress and the Central Financial Work Conference. Taking the 40th anniversary of the establishment of ICBC as the impetus, we coordinated our efforts in maintaining stable growth, adjusting the structure, fostering new drivers, preventing risks, and breaking new ground. In serving China's modernization, we have achieved to promote ICBC's high-quality development by sticking to seeking progress while maintaining stability, enhancing stability through progress, and promoting quality amid stability.

In 2023, the Bank achieved effective improvement in development quality. The Bank's ROA, ROE, and cost-to-income ratio were 0.87%, 10.66% and 28.28%, respectively, all at a relatively good level. The Bank achieved proper growth in quantity. Net profit rose to RMB365.1 billion, and assets, deposits and loans all increased by more than 10%, achieving a record high. The Bank achieved precise risk prevention and control. NPL ratio decreased by 2BP to 1.36%, allowance to NPLs climbed to 213.97%, and capital adequacy ratio reached 19.10%, maintaining a relatively high level.

In 2023, ICBC's balance sheet became much cleaner and healthier, and income statement became more balanced and sustainable. Its core indicators of being "Strong, Excellent and Large" were expected to maintain the leading position among global peers or rank among the forefront, which fully demonstrated a balance in value creation, market position, risk control and capital constraint and showcased the Bank's strong development resilience.

Integration and interaction of real economy and finance. The Bank actively utilized cross- and counter-cyclical adjustment policies, focused on primary responsibilities and core businesses, and optimized financial supply. Throughout the year, loans and bond investments increased by RMB2.88 trillion and RMB1.29 trillion, up by 12.4% and 12.9%, respectively, which strongly supported the economic recovery while ensuring ICBC's own stable growth of assets and interest income. We established and improved the work promotion mechanism and service system regarding "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, and strengthened high-quality financial services concerning major strategies and in key areas and weak aspects. The growth rate of loans to manufacturing, sci-tech innovation, green industries, inclusive service, rural revitalization, personal consumption, etc. was higher than the average, the number of private enterprises with outstanding loans rose rapidly, and the incremental proportion on retail and inclusive loans increased persistently. The number of overseas RMB clearing banks rose to 11, enhancing our abilities in serving high-level opening-up and jointly building the Belt and Road Initiative. Thus, we gained a deeper understanding that the real economy is the "root" or the foundation while finance is the "vein". Therefore, a bank must adhere to the original aspiration and constantly make financial services more adaptable, competitive and inclusive to steadily go further.

An effective coordination between development and safety. Adhering to a holistic approach to national security, the Bank proactively adapted to stricter regulations trend, persisted on "active prevention, smart control and comprehensive management" and enhanced the prevention, mitigation, and management of various types of risks, so as to maintain the robust banking feature. We continued to refine the "Five-pronged Risk Management Approach"[1], optimized the risk officer system, added new credit approval rules and promoted internal audit mechanism reform, to strengthen the bonding force of the three lines of defense. We continuously advanced asset quality improvement, and maintained negative price scissors for 15 consecutive quarters. We also strengthened risk control in key areas, pushed forward "Three Major Projects" and supported the real estate industry to explore new development models. We improved the compliance management system, enhanced the smart risk control level, strengthened management of product risks, information technology, and cyber security. We are more convinced that security is the prerequisite for development and only through development can security be ensured. We must distinguish rights and responsibility as well as speed and stability, and stick to the risk and safety bottom lines, so as to firmly grasp the initiative of work.

Mutual promotion of foundation and growth drivers. The highlights of foundation are that we stepped up the establishment of the customer system where "large, medium, small and micro enterprises and personal customers" were well coordinated and developed, and ecologically cemented the high-quality development. The Bank, with the people's aspiration for a better life in mind, innovated its products, built the "ICBC Aixiangban" service brand, set up 15.5 thousand "ICBC Sharing Stations", and served Chengdu FISU World University Games and the Asian Games Hangzhou, to polish our brand image of "By Your Side and As Your Trust". The Bank dynamically upgraded the "GBC+" projects. The number of personal customers increased by nearly 20.00 million, and ICBC was the first one to have its corporate customers exceeding 12.00 million. The increment of domestic RMB deposits reached a new height, while rate of interest payment remained stable with a slight decline. Moreover, funds, assets and capital become more balanced.

1 "Five-pronged Risk Management Approach" refers to the overall risk management system of Head Office and branches, domestic and overseas institutions, on- and off-balance sheet businesses, commercial banking and investment banking subordinated institutions.

The highlights of growth driver are that the new quality productive forces of ICBC rapidly formed, and the digital growth driver was running at full throttle. Determined to deepen reforms, ICBC maintained continuous increase in technological input and accelerated the construction of D-ICBC. ICBC consolidated its basis of technology, took the lead in building a hundreds of billion-level AI model technology system, and was certified as the highest level in the Financial Digital Capability Maturity (FDCM). ICBC iteratively upgraded its Mobile Banking, Open Banking and other platforms, to enabling enterprise to serve new urban residents and county-based rural customers. The number of monthly active mobile banking customers reached 229 million, maintaining the leading position among peers. The services for financial infrastructure such as payment settlement and pension custody were improved, driving the steady growth of non-interest income. We profoundly realized that, facing the new round of scientific and technological revolution and industrial transformation, we must master more key core technologies, and accelerate digital transformation, in a bid to empower the present and win the future.

In the past year, we adhered to the guidance of the Party building theory and exercising rigorous corporate governance. We carried out thematic education and united the whole Bank under the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We remain committed to "Two Affirmations" and "Two Upholds" implemented them to the letter. We earnestly rectified problems discovered during central inspections, audits, and supervisions, resolutely fought corruption, and unceasingly conducted full and rigorous Party self-governance to forge a clean ICBC. We pushed forward the organic integration between the Party's leadership and corporate governance. The newly revised Articles of Association has been approved by the regulatory authority and come into effect, and the governance system of a modern financial enterprises with Chinese characteristics continued to be improved.

In February 2024, due to his age, Mr. Chen Siqing resigned from his positions as Chairman of the Board of Directors, Executive Director, and Chairman and Member of the Strategy Committee of the Board of Directors. During his tenure, Mr. Chen Siqing fulfilled his duties diligently and conscientiously and made outstanding contributions to the development of the Bank. On behalf of the Board of Directors, I would like to hereby express heartfelt gratitude to Mr. Chen Siqing! Gratitude also goes to directors leaving office since last year! We also warmly welcome our new directors!

The glory of the previous journey inaugurates a new journey. 1 January 2024 marks the 40th anniversary of ICBC. In the past 40 years, we unswervingly integrated our own development into the great causes of progress of the nation, national rejuvenation, and people's well-being, and realized a historic leap from small to large, from local to global, and from a domestic bank to a modern state-owned large-scale financial institution. Looking to future from the perspective of historical coordinates, we are even more confident that the Chinese economy has great resilience and potential, and its strong fundamentals will not change in the long run. This is the biggest foundation and strongest support for the high-quality development of the financial industry. Only by firmly following the path of financial development with Chinese characteristics can ICBC take root downward, grow upward and make breakthroughs in building a world-class and modern financial institute with Chinese characteristics.

Spring is a time when we look ahead to all the possibilities. The year 2024 marks the 75th anniversary of the founding of the People's Republic of China, is a pivotal year for achieving the goals and tasks in the 14th Five-Year Plan, and also the first year for ICBC to hit the road again. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC will act on the general working principle of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old, and fully and faithfully apply the new development philosophy on all fronts. ICBC will uphold the goal of building a financial power, stick to the political and people-oriented nature of financial work, deepen the implementation of the "Four Strategies", advance our work centering on "layout modernization, smart risk control, digital growth drivers, diversified structure, and ecological foundation", cultivate and carry forward financial culture with Chinese characteristics, and play the key role in serving the real economy and the ballast stone role in maintaining financial stability, so as to make greater contributions to building China into a great modern socialist country and advancing the great rejuvenation of the Chinese nation.

Chairman: Liao Lin

27 March 2024

ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

In 2023, the global economy continued to recover, but with divergent prospects. It faced challenges such as high inflation, interest rates and debt, while financial risks were accumulating. China has increased its efforts to regulate the macroeconomy by focusing on expanding domestic demand, optimizing structure, boosting confidence, and forestalling and defusing risks. The Chinese economy has rebounded and improved steadily, with both supply and demand improving and high-quality development advancing solidly. China's gross domestic product (GDP), fixed asset investment (excluding rural households), and total imports and exports of trade in goods (RMB-denominated) rose by 5.2%, 3.0% and 0.2% year on year respectively, while retail sales of consumer goods increased by 7.2% year on year. The value added of industrial enterprises above designated size, value added of services, and consumer price index (CPI) rose by 4.6%, 5.8% and 0.2% year on year respectively.

The proactive fiscal policy was pursued with intensified efforts to improve efficiency. China has improved its tax and fee support policies, reducing the tax burden on businesses. It used special bond funds to effectively support a full range of key projects in transportation, water conservancy, energy, and other sectors that provide both present and future benefits. By investing in key areas, China has promoted high-quality development of the manufacturing industry, supported sci-tech innovation, promoted comprehensive rural revitalization, and boosted coordinated regional development. To improve people's livelihood, China issued an additional RMB1 trillion in government bonds to support post-disaster recovery and reconstruction, as well as to enhance disaster prevention, mitigation, and relief capabilities. Efforts have also been made to dissolve the risk of local government debts.

The prudent monetary policy was both targeted and effective. PBC has cut the reserve requirement ratio ("RRR") twice by 0.5 percentage points to maintain reasonably abundant liquidity and ensure a moderate volume and a steady pace of monetary credit. As a result of the two policy interest rate cuts, the 1-year and 5-year loan market quoted rates ("LPR") were lowered by 20 basis points and 10 basis points, respectively. PBC has also led commercial banks to reduce interest rates on existing first-time home loans in an orderly manner. Structural monetary policy tools have been applied to provide targeted support for key areas such as technology innovation, advanced manufacturing, and green development, and to steer more funds towards weak links such as private micro and small enterprises and rural revitalization, so as to promote the stable and healthy development of the real estate market. Moreover, efforts have been made in a timely manner, including up-regulating the macro-prudential parameters for cross-border financing and lowering the RRR for foreign exchange deposits, to maintain the stability of RMB exchange rate at a reasonable and balanced level.

Significant progress has been made in the financial regulatory system reform, providing robust assurances for the high-quality development of finance and the prevention and resolution of risks. To deepen reforms, steps have been taken to implement the Reform Plan for the Party and State Institutions, and accelerate the formation of a new financial supervision pattern composed of "PBC, NFRA and CSRC". To prevent risks, a package of policies has been introduced, including the Regulation Governing Capital of Commercial Banks to improve the capital regulatory rules for commercial banks and enhance the risk management capability of banks; the Rules on Risk Classification of Financial Assets of Commercial Banks to promote accurate assessment of credit risks by commercial banks; and the Rules on Operational Risk Management of Banking and Insurance Institutions to further improve the regulatory rules for operational risk management of banking and insurance institutions, and clarify risk governance and management responsibilities. In order to promote development, the Implementation Opinions on Promoting the High-quality Development of Inclusive Finance was issued to promote the development of a high-level inclusive financial system; and 25 specific measures were put in place for strengthening financial support to the private sector and promoting its development and growth.

The overall financial system ran smoothly. At the end of 2023, the balance of broad money supply (M2) was RMB292.27 trillion, up 9.7% year on year. The outstanding aggregate financing to the real economy (AFRE) stood at RMB378.09 trillion, up 9.5% year on year. The outstanding RMB loans reached RMB237.59 trillion, increasing by 10.6% year on year. The balance of RMB deposits amounted to RMB284.26 trillion, up 10.0% year on year. The total issuance amount of various bonds in the bond market reached RMB71.0 trillion, up 14.8% year on year. Shanghai Composite Index and the Shenzhen Component Index dropped by 3.7% and 13.5% respectively over the end of last year. The central parity of RMB against the USD was RMB7.0827, a depreciation of 1.7% from the end of last year.

Total assets of commercial banks grew steadily, with stable credit asset quality and sufficient risk offsetting capacity on the whole. At the end of 2023, the RMB and foreign-currency assets of commercial banks totaled RMB354.85 trillion, up 11.0% year on year. The balance of NPLs of commercial banks reached RMB3.23 trillion, with a NPL ratio of 1.59% and allowance to NPLs of 205.14%. The capital adequacy ratio was 15.06%.

In 2023, the Bank focused on the central task of serving Chinese modernization, the primary task of pursuing high-quality development, and the strategic task of building a new development pattern. Coordinated steps were taken to "maintain stable growth, adjust structure, foster new drivers, prevent risks and break new ground". In addition, it introduced targeted and effective measures to serve the real economy, keep all kinds of risks under control, and enhance the ability of balanced, coordinated and sustainable development. The Bank was ranked the 1st place among the Top 1000 World Banks by *The Banker* for the eleventh consecutive year, and the 1st place in the list of commercial banks of the Global 500 in *Fortune* for the eleventh consecutive year, and took the 1st place among the Top 500 Banking Brands of *Brand Finance* for the eighth consecutive year, steadily enhancing ICBC's international influence.

FINANCIAL STATEMENTS ANALYSIS

Income Statement Analysis

In 2023, adhering to the general principle of seeking progress while maintaining stability, the Bank actively responded to multiple internal and external challenges, coordinated development and security, continuously improved the quality and efficiency of financial services, and simultaneously promoted its own high-quality development. In the year, the Bank realized a net profit of RMB365,116 million, representing an increase of RMB3,006 million or 0.8% as compared to the previous year. Return on average total assets stood at 0.87%, and return on weighted average equity was 10.66%. Operating income amounted to RMB806,458 million, representing a decrease of 4.3%. Specifically, net interest income decreased by 5.3% to RMB655,013 million; non-interest income was RMB151,445 million, up by 0.7%. Operating expenses amounted to RMB238,698 million, representing a decrease of 0.3%, and the cost-to-income ratio was 28.28%. Impairment losses on assets were RMB150,816 million. Income tax expense decreased by 9.2% to RMB56,850 million.

CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	2023	2022	Increase/ (decrease)	Growth rate (%)
Net interest income	655,013	691,985	(36,972)	(5.3)
Non-interest income	151,445	150,367	1,078	0.7
Operating income	806,458	842,352	(35,894)	(4.3)
Less: Operating expenses	238,698	239,351	(653)	(0.3)
Less: Impairment losses on assets	150,816	182,677	(31,861)	(17.4)
Operating profit	416,944	420,324	(3,380)	(0.8)
Share of results of associates and joint ventures	5,022	4,396	626	14.2
Profit before taxation	421,966	424,720	(2,754)	(0.6)
Less: Income tax expense	56,850	62,610	(5,760)	(9.2)
Net profit	365,116	362,110	3,006	0.8
Attributable to: Equity holders of the parent company	363,993	361,132	2,861	0.8
Non-controlling interests	1,123	978	145	14.8

Net Interest Income

In 2023, net interest income was RMB655,013 million, RMB36,972 million or 5.3% lower than that of last year, accounting for 81.2% of the Bank's operating income. Interest income grew by RMB126,365 million or 9.9% to RMB1,405,039 million and interest expenses increased by RMB163,337 million or 27.8% to RMB750,026 million. Affected by factors such as reduction in the LPR and changes in the structure of deposit maturities, net interest spread and net interest margin ("NIM") declined to 1.41% and 1.61% respectively, both down 31 basis points from the previous year.

AVERAGE YIELD OF INTEREST-GENERATING ASSETS AND AVERAGE COST OF INTEREST-BEARING LIABILITIES

In RMB millions, except for percentages

Item	2023			2022		
	Average balance	Interest income/ expense	Average yield/cost (%)	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	25,006,605	951,845	3.81	22,246,265	900,063	4.05
Investment	10,266,019	338,267	3.30	8,975,046	297,106	3.31
Due from central banks(2)	3,230,841	53,815	1.67	2,991,645	45,425	1.52
Due from banks and other financial institutions(3)	2,172,554	61,112	2.81	1,867,047	36,080	1.93
Total interest-generating assets	**40,676,019**	**1,405,039**	**3.45**	**36,080,003**	**1,278,674**	**3.54**
Non-interest-generating assets	2,510,696			2,549,781		
Allowance for impairment losses on assets	(776,831)			(682,871)		
Total assets	**42,409,884**			**37,946,913**		
Liabilities						
Deposits	31,141,446	589,688	1.89	27,364,627	480,083	1.75
Due to banks and other financial institutions(3)	4,058,487	103,529	2.55	3,794,532	70,732	1.86
Debt securities and certificates of deposit issued	1,508,148	56,809	3.77	1,132,767	35,874	3.17
Total interest-bearing liabilities	**36,708,081**	**750,026**	**2.04**	**32,291,926**	**586,689**	**1.82**
Non-interest-bearing liabilities	2,065,143			2,029,137		
Total liabilities	**38,773,224**			**34,321,063**		
Net interest income		**655,013**			**691,985**	
Net interest spread			**1.41**			**1.72**
Net interest margin			**1.61**			**1.92**

Notes: (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and the allowance for impairment losses on assets represent the average of the balances at the beginning of the year and at the end of the year.

(2) Due from central banks mainly includes mandatory reserves and surplus reserves with central banks.

(3) Due from banks and other financial institutions includes the amount of reverse repurchase agreements, and due to banks and other financial institutions includes the amount of repurchase agreements etc.

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between 2023 and 2022		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	105,173	(53,391)	51,782
Investment	42,059	(898)	41,161
Due from central banks	3,903	4,487	8,390
Due from banks and other financial institutions	8,602	16,430	25,032
Changes in interest income	**159,737**	**(33,372)**	**126,365**
Liabilities			
Deposits	71,295	38,310	109,605
Due to banks and other financial institutions	6,615	26,182	32,797
Debt securities and certificates of deposit issued	14,138	6,797	20,935
Changes in interest expenses	**92,048**	**71,289**	**163,337**
Changes in net interest income	**67,689**	**(104,661)**	**(36,972)**

Note: Changes in volume are measured by the changes in average balances, while the changes in interest rate are measured by the changes in average interest rates. Changes resulted from the combination of volume and interest rate have been allocated to the changes resulted from business volume.

Interest Income

Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers was RMB951,845 million, RMB51,782 million or 5.8% higher as compared to that of last year, mainly due to the increase of 12.4% in the average balance of loans and advances to customers, and the decrease of 24 basis points in the average yield partially offset the effect of scale growth.

ANALYSIS OF THE AVERAGE YIELD OF LOANS AND ADVANCES TO CUSTOMERS BY MATURITY STRUCTURE

In RMB millions, except for percentages

Item	2023			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	5,655,318	175,442	3.10	4,737,467	156,622	3.31
Medium to long-term loans	19,351,287	776,403	4.01	17,508,798	743,441	4.25
Total loans and advances to customers	**25,006,605**	**951,845**	**3.81**	**22,246,265**	**900,063**	**4.05**

ANALYSIS OF THE AVERAGE YIELD OF LOANS AND ADVANCES TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	2023			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	14,300,597	510,998	3.57	12,091,996	467,313	3.86
Discounted bills	1,179,865	17,341	1.47	866,735	15,546	1.79
Personal loans	8,225,400	348,029	4.23	7,920,324	371,718	4.69
Overseas business	1,300,743	75,477	5.80	1,367,210	45,486	3.33
Total loans and advances to customers	**25,006,605**	**951,845**	**3.81**	**22,246,265**	**900,063**	**4.05**

Interest Income on Investment

Interest income on investment amounted to RMB338,267 million, representing an increase of RMB41,161 million or 13.9% as compared to that of last year, mainly due to the increase of 14.4% in the average balance of investment.

Interest Income on Due from Central Banks

Interest income on due from central banks was RMB53,815 million, representing an increase of RMB8,390 million or 18.5% as compared to that of last year, principally due to the rising average interest rate of due from overseas central banks and the increased size of due from domestic central bank.

Interest Income on Due from Banks and Other Financial Institutions

Interest income on due from banks and other financial institutions was RMB61,112 million, representing an increase of RMB25,032 million or 69.4% as compared to that of last year, primarily due to the rising interest rate of foreign-currency lending funds.

Interest Expense

Interest Expense on Deposits

Interest expense on deposits amounted to RMB589,688 million, representing an increase of RMB109,605 million or 22.8% over the previous year, primarily due to the increase of 13.8% in the average balance of due to customers and rise of 14 basis points in the average cost.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

	2023			2022		
Item	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	7,503,647	199,149	2.65	5,803,074	150,011	2.59
Demand deposits	7,228,582	73,564	1.02	7,405,878	68,024	0.92
Subtotal	**14,732,229**	**272,713**	**1.85**	**13,208,952**	**218,035**	**1.65**
Personal deposits						
Time deposits	9,535,044	254,834	2.67	7,742,072	223,607	2.89
Demand deposits	5,807,411	15,135	0.26	5,407,007	17,007	0.31
Subtotal	**15,342,455**	**269,969**	**1.76**	**13,149,079**	**240,614**	**1.83**
Overseas business	**1,066,762**	**47,006**	**4.41**	**1,006,596**	**21,434**	**2.13**
Total deposits	**31,141,446**	**589,688**	**1.89**	**27,364,627**	**480,083**	**1.75**

Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB103,529 million, RMB32,797 million or 46.4% higher than that of last year, principally attributable to the increase in the interest rates of foreign-currency borrowing funds.

Interest Expense on Debt Securities and Certificates of Deposit Issued

Interest expense on debt securities and certificates of deposits issued was RMB56,809 million, indicating an increase of RMB20,935 million or 58.4% over last year, mainly due to the increased scale of the negotiable certificates of deposit ("NCDs") and the rising interest rates of debt securities, such as certificates of deposit, issued by overseas institutions.

Non-interest Income

In 2023, non-interest income was RMB151,445 million, which was RMB1,078 million or 0.7% higher than that of last year, accounting for 18.8% of the operating income. Specifically, net fee and commission income decreased by RMB9,968 million or 7.7% to RMB119,357 million, and other non-interest related gains rose by RMB11,046 million or 52.5% to RMB32,088 million.

NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	2023	2022	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	45,418	45,439	(21)	(0.0)
Personal wealth management and private banking services	22,582	26,253	(3,671)	(14.0)
Investment banking business	20,060	19,586	474	2.4
Bank card business	17,906	17,736	170	1.0
Corporate wealth management services	11,770	14,172	(2,402)	(16.9)
Asset custody business	7,994	8,709	(715)	(8.2)
Guarantee and commitment business	7,296	8,803	(1,507)	(17.1)
Trust and agency services	1,950	1,894	56	3.0
Other	2,915	3,226	(311)	(9.6)
Fee and commission income	**137,891**	**145,818**	**(7,927)**	**(5.4)**
Less: Fee and commission expense	**18,534**	**16,493**	**2,041**	**12.4**
Net fee and commission income	**119,357**	**129,325**	**(9,968)**	**(7.7)**

In 2023, the Bank's net fee and commission income was RMB119,357 million, representing a decrease of RMB9,968 million or 7.7% over last year. Affected by the volatile capital markets, changes in the investors' risk appetite, reform of public fund fee rate and other factors, income from personal wealth management and private banking, corporate wealth management, asset custody and other businesses dropped. The decreased fee rates of guarantee and commitment business resulted in a decline in relevant income.

OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	2023	2022	Increase/ (decrease)	Growth rate (%)
Net trading income	14,928	8,308	6,620	79.7
Net gains on financial investments	21,560	7,906	13,654	172.7
Other operating (expense)/income, net	(4,400)	4,828	(9,228)	(191.1)
Total	**32,088**	**21,042**	**11,046**	**52.5**

Other non-interest related gains amounted to RMB32,088 million, RMB11,046 million or 52.5% higher than that of the previous year. Among these, the increase in net trading income was mainly due to the increase in bond investment income, the increase in net gains on financial investments was primarily due to the increase in net gains on financial assets measured at fair value through profit or loss, while other net operating expense was mainly because of the increase in net losses on exchange and exchange rate products.

Operating Expenses

In RMB millions, except for percentages

Item	2023	2022	Increase/ (decrease)	Growth rate (%)
Staff costs	141,405	142,633	(1,228)	(0.9)
Property and equipment expenses	28,534	28,822	(288)	(1.0)
Taxes and surcharges	10,662	10,097	565	5.6
Amortisation	4,429	3,716	713	19.2
Other	53,668	54,083	(415)	(0.8)
Total	**238,698**	**239,351**	**(653)**	**(0.3)**

Impairment Losses on Assets

In 2023, the Bank set aside the impairment losses on assets of RMB150,816 million, with a decrease of RMB31,861 million or 17.4% as compared to that of last year. Specifically, the impairment losses on loans were RMB143,422 million, indicating an increase of RMB249 million or 0.2%. Please refer to "Note 14. to the Consolidated Financial Statements: Impairment Losses on Assets; Note 30. to the Consolidated Financial Statements: Impairment Allowance" for details.

Income Tax Expense

Income tax expense decreased by RMB5,760 million or 9.2% to RMB56,850 million as compared to the previous year. The effective tax rate stood at 13.47%, lower than the statutory tax rate of 25%, primarily because the interest income on Chinese government bonds and local government bonds were exempted from tax under the relevant tax law.

Summary Geographical Segment Information

In RMB millions, except for percentages

Item	2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Operating income	**806,458**	**100.0**	**842,352**	**100.0**
Head Office	24,838	3.1	84,257	10.0
Yangtze River Delta	155,716	19.3	148,527	17.6
Pearl River Delta	115,266	14.3	113,459	13.5
Bohai Rim	161,992	20.1	153,822	18.3
Central China	117,206	14.5	114,809	13.6
Western China	132,478	16.4	130,802	15.5
Northeastern China	30,429	3.8	29,214	3.5
Overseas and other	68,533	8.5	67,462	8.0
Profit before taxation	**421,966**	**100.0**	**424,720**	**100.0**
Head Office	(16,378)	(3.9)	257	0.1
Yangtze River Delta	95,935	22.7	98,133	23.1
Pearl River Delta	60,159	14.3	59,687	14.1
Bohai Rim	104,324	24.7	95,094	22.4
Central China	57,560	13.6	60,079	14.1
Western China	70,825	16.8	61,841	14.6
Northeastern China	11,207	2.7	11,878	2.8
Overseas and other	38,334	9.1	37,751	8.8

Note: Please see "Note 49. to the Consolidated Financial Statements: Segment Information" for details.

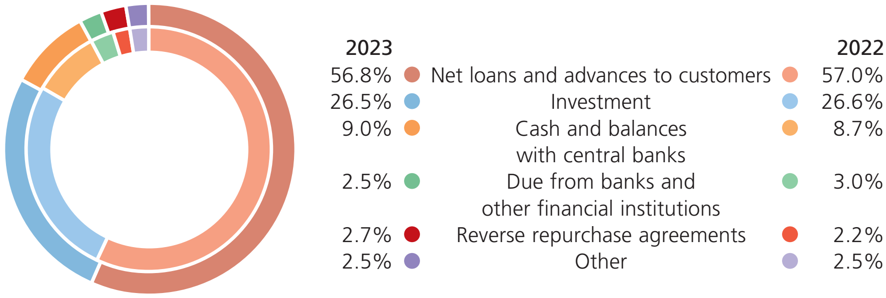
Balance Sheet Analysis

In 2023, in response to the changes in external development trends, the Bank earnestly implemented macro-economic and financial policies and regulatory requirements, and continued to strengthen its emergency response capacity to market fluctuations and various risk events. The Bank dynamically optimized the aggregate amount of assets and liabilities and structural distribution strategy to ensure that the aggregate amount of assets and liabilities matches its market position, aligns to its capital level and accommodates to the demand of the real economy, and maintained a reasonable level of profit contribution and return on capital. The Bank adhered to the integrated development strategy of investment and financing, and continued to improve high-quality financial supply. The Bank insisted on the principle of taking customer deposits as the main funding source, built a multi-channel funding source mechanism, and steadily enhanced the support of liability business to asset business.

Assets Deployment

As at the end of 2023, total assets amounted to RMB44,697,079 million, RMB5,086,933 million or 12.8% higher than that at the end of the previous year. Specifically, total loans and advances to customers (collectively referred to as "total loans") increased by RMB2,876,106 million or 12.4% to RMB26,086,482 million, investment increased by RMB1,315,966 million or 12.5% to RMB11,849,668 million, and cash and balances with central banks increased by RMB614,401 million or 17.9% to RMB4,042,293 million.

Structure of assets



In RMB millions, except for percentages

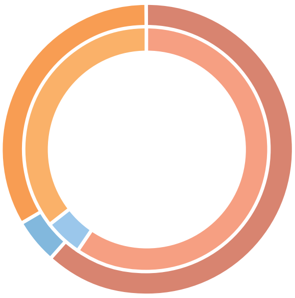
Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Total loans and advances to customers	26,086,482	—	23,210,376	—
Add: Accrued interest	56,452	—	53,524	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	756,001	—	672,224	—
Net loans and advances to customers(1)	25,386,933	56.8	22,591,676	57.0
Investment	11,849,668	26.5	10,533,702	26.6
Cash and balances with central banks	4,042,293	9.0	3,427,892	8.7
Due from banks and other financial institutions	1,116,717	2.5	1,192,532	3.0
Reverse repurchase agreements	1,224,257	2.7	864,122	2.2
Other	1,077,211	2.5	1,000,222	2.5
Total assets	**44,697,079**	**100.0**	**39,610,146**	**100.0**

Note: (1) Please see "Note 23. to the Consolidated Financial Statements: Loans and Advances to Customers".

Loan

While maintaining stable and controllable asset quality, the Bank made every effort to enhance the adaptability of credit structure to the real economy, and promoted the targeted and direct credit supply. The Bank continued to increase credit support for key fields such as green finance, manufacturing, inclusive finance, strategic emerging industries, sci-tech innovation and rural revitalization. As at the end of 2023, total loans amounted to RMB26,086,482 million, RMB2,876,106 million or 12.4% higher compared with the end of the previous year, of which, RMB denominated loans of domestic branches were RMB24,391,525 million, up by RMB2,908,561 million or 13.5%.

Distribution of loans by business line



DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	**16,145,204**	**61.9**	**13,826,966**	**59.6**
Short-term corporate loans	3,681,064	14.1	3,150,517	13.6
Medium to long-term corporate loans	12,464,140	47.8	10,676,449	46.0
Discounted bills	**1,287,657**	**4.9**	**1,148,785**	**4.9**
Personal loans	**8,653,621**	**33.2**	**8,234,625**	**35.5**
Residential mortgages	6,288,468	24.1	6,431,991	27.7
Personal consumption loans	328,286	1.3	232,442	1.0
Personal business loans	1,347,136	5.2	930,040	4.0
Credit card overdrafts	689,731	2.6	640,152	2.8
Total	**26,086,482**	**100.0**	**23,210,376**	**100.0**

The Bank actively contributed to the construction of a modern industrial system, continued to strengthen its support for manufacturing, strategic emerging industries, green finance, inclusive finance, rural revitalization and other key fields, and actively supported the construction of major projects in roads, railways, airports, urban rail transit, new urbanization and other fields. It also supported the reasonable financing needs of real estate enterprises, and increased the financial support for rental housing. As a result, the Bank's corporate loans in key strategic areas such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing economic circle continued to grow. Corporate loans rose by RMB2,318,238 million or 16.8% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB530,547 million and RMB1,787,691 million respectively.

Focusing on the customers, the Bank strengthened the overall planning of personal loan business, vigorously marketed personal credit loan products, and continuously strengthened credit product innovation and service optimization through precise customer selection, proactive credit pre-approval, online real-time lending, multi-scenario access and other measures, so as to enhance residents' efficient and convenient credit financing experience and support sustainable recovery of consumption. Personal loans increased by RMB418,996 million or 5.1% from the end of last year. Specifically, personal consumption loans grew by RMB95,844 million, and personal business loans increased by RMB417,096 million.

Please see the section headed "Discussion and Analysis — Risk Management" for a detailed analysis of the Bank's loans and their quality.

Investment

In 2023, the Bank supported the implementation of the national development strategies, stepped up efforts to serve the real economy, actively conducted bond investments, and reasonably arranged the bond variety and term structure. As at the end of 2023, investment amounted to RMB11,849,668 million, representing an increase of RMB1,315,966 million or 12.5% from the end of the previous year. Among these, bonds rose by RMB1,294,157 million or 12.9% to RMB11,357,727 million.

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Bonds	11,357,727	95.9	10,063,570	95.5
Equity instruments	187,835	1.6	190,869	1.8
Funds and other	183,391	1.5	168,855	1.6
Accrued interest	120,715	1.0	110,408	1.1
Total	**11,849,668**	**100.0**	**10,533,702**	**100.0**

DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Government bonds	8,720,977	76.8	7,422,555	73.8
Central bank bonds	38,260	0.3	56,817	0.5
Policy bank bonds	811,946	7.1	762,209	7.6
Other bonds	1,786,544	15.8	1,821,989	18.1
Total	**11,357,727**	**100.0**	**10,063,570**	**100.0**

In terms of distribution by issuers, government bonds increased by RMB1,298,422 million or 17.5% over the end of last year, mainly due to the increase in local government bonds and Chinese government bonds; central bank bonds decreased by RMB18,557 million or 32.7%; policy bank bonds went up by RMB49,737 million or 6.5%; and other bonds decreased by RMB35,445 million or 1.9%.

DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Undated[1]	117	0.0	284	0.0
Less than 3 months	690,280	6.0	694,517	6.9
3 to 12 months	1,495,238	13.2	1,372,035	13.6
1 to 5 years	4,219,958	37.2	3,649,538	36.3
Over 5 years	4,952,134	43.6	4,347,196	43.2
Total	**11,357,727**	**100.0**	**10,063,570**	**100.0**

Note: (1) Refers to overdue bonds.

DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
RMB-denominated bonds	10,497,153	92.4	9,217,302	91.6
USD-denominated bonds	554,737	4.9	559,753	5.6
Other foreign currency bonds	305,837	2.7	286,515	2.8
Total	**11,357,727**	**100.0**	**10,063,570**	**100.0**

In terms of currency structure, RMB-denominated bonds rose by RMB1,279,851 million or 13.9% over the end of last year; USD-denominated bonds decreased by an equivalent of RMB5,016 million or 0.9%; other foreign currency bonds increased by an equivalent of RMB19,322 million or 6.7%. During the reporting period, the Bank reasonably arranged the currency structure based on foreign-currency fund positions, in consideration of bond liquidity, security and profitability.

DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Financial investments measured at fair value through profit or loss	811,957	6.9	747,474	7.1
Financial investments measured at fair value through other comprehensive income	2,230,862	18.8	2,223,096	21.1
Financial investments measured at amortised cost	8,806,849	74.3	7,563,132	71.8
Total	**11,849,668**	**100.0**	**10,533,702**	**100.0**

As at the end of 2023, the Group held RMB1,786,784 million of financial bonds[1], including RMB811,946 million of policy bank bonds and RMB974,838 million of bonds issued by banks and non-bank financial institutions, accounting for 45.4% and 54.6% of financial bonds, respectively.

TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Bond name	Nominal value	Annual interest rate (%)	Maturity date	Allowance for impairment losses(1)
Policy bank bonds 2015	22,495	4.21	13 April 2025	–
Policy bank bonds 2020	19,460	3.23	23 March 2030	–
Policy bank bonds 2022	19,408	2.77	24 October 2032	–
Policy bank bonds 2020	18,041	2.96	17 April 2030	–
Policy bank bonds 2022	17,850	2.90	19 August 2032	–
Policy bank bonds 2019	17,480	3.45	20 September 2029	–
Policy bank bonds 2015	16,493	4.29	7 April 2025	–
Policy bank bonds 2020	15,136	3.79	26 October 2030	–
Policy bank bonds 2019	15,082	3.48	8 January 2029	–
Policy bank bonds 2023	14,615	2.52	25 May 2028	–

Note: (1) Excludes stage 1 allowance for impairment losses set aside in accordance with the expected credit loss model.

Reverse Repurchase Agreements

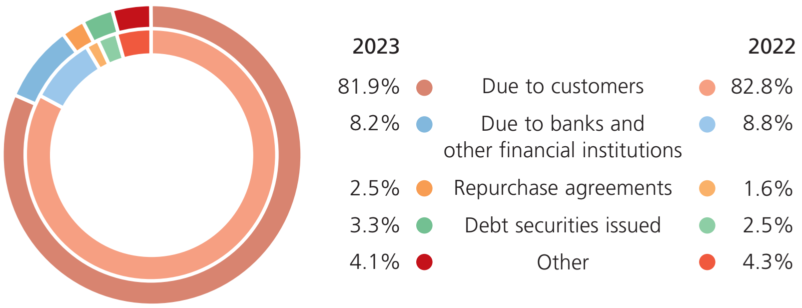
Reverse repurchase agreements amounted to RMB1,224,257 million, RMB360,135 million or 41.7% higher than that at the end of the previous year, principally because the Bank reasonably arranged fund operation strategies based on fund changes and moderately increased the lending size.

Liabilities

The Bank fully implemented regulatory requirements, established a liability quality management system commensurate with the size and complexity of liabilities, and defined the management strategy and policy for liability quality that are consistent with the business strategy, risk appetite and overall business characteristics. As a result, the liability business maintained steady development. The Bank solidly carried forward the "GBC+" projects, continued to improve the coordinated ecology of "large, medium, small and micro enterprises and personal customers" and promoted the continued high-quality development of deposits in recent years. The Bank also built a multi-channel funding source mechanism including financial bonds and NCDs. As at the end of 2023, total liabilities reached RMB40,920,491 million, representing an increase of RMB4,825,764 million or 13.4% compared with the end of last year.

1 Financial bonds refer to the debt securities issued by financial institutions on the bond market, including bonds issued by policy banks, banks and non-bank financial institutions but excluding debt securities related to restructuring and central bank bonds.

Structure of liabilities



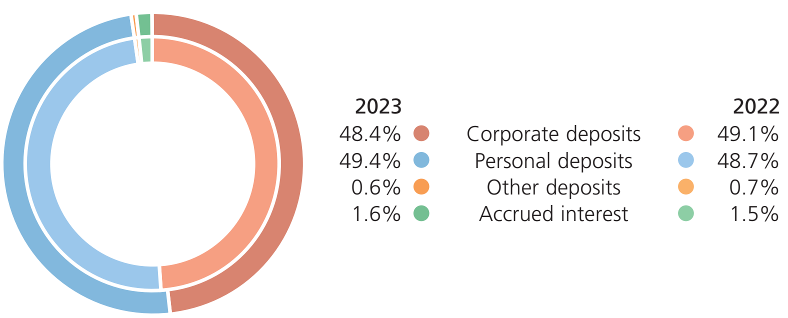
In RMB millions, except for percentages

Item	At 31 December 2023 Amount	Percentage (%)	At 31 December 2022 Amount	Percentage (%)
Due to customers	33,521,174	81.9	29,870,491	82.8
Due to banks and other financial institutions	3,369,858	8.2	3,187,712	8.8
Repurchase agreements	1,018,106	2.5	574,778	1.6
Debt securities issued	1,369,777	3.3	905,953	2.5
Other	1,641,576	4.1	1,555,793	4.3
Total liabilities	**40,920,491**	**100.0**	**36,094,727**	**100.0**

Due to Customers

Due to customers is the Bank's main source of funds. As at the end of 2023, due to customers was RMB33,521,174 million, RMB3,650,683 million or 12.2% higher than that at the end of the previous year. In terms of customer structure, corporate deposits increased by RMB1,538,774 million or 10.5%; and personal deposits increased by RMB2,020,262 million or 13.9%. In terms of maturity structure, time deposits increased by RMB4,176,147 million or 27.6%, while demand deposits decreased by RMB617,111 million or 4.4%. In terms of currency structure, RMB deposits stood at RMB31,837,835 million, representing an increase of RMB3,684,821 million or 13.1%. Foreign currency deposits were equivalent to RMB1,683,339 million, with a decrease of RMB34,138 million or 2.0%.

Distribution of due to customers by business line



DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Corporate deposits				
Time deposits	8,843,237	26.4	6,594,898	22.1
Demand deposits	7,366,691	22.0	8,076,256	27.0
Subtotal	**16,209,928**	**48.4**	**14,671,154**	**49.1**
Personal deposits				
Time deposits	10,481,727	31.3	8,553,919	28.6
Demand deposits	6,083,841	18.1	5,991,387	20.1
Subtotal	**16,565,568**	**49.4**	**14,545,306**	**48.7**
Other deposits(1)	**210,185**	**0.6**	**199,465**	**0.7**
Accrued interest	**535,493**	**1.6**	**454,566**	**1.5**
Total	**33,521,174**	**100.0**	**29,870,491**	**100.0**

Note: (1) Includes outward remittance and remittance payables.

DISTRIBUTION OF DUE TO CUSTOMERS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	At 31 December 2023 Percentage (%)	At 31 December 2022 Amount	At 31 December 2022 Percentage (%)
Head Office	32,408	0.1	35,579	0.1
Yangtze River Delta	7,120,750	21.2	6,249,754	20.9
Pearl River Delta	4,618,362	13.8	4,048,164	13.6
Bohai Rim	8,811,355	26.3	7,629,312	25.5
Central China	4,855,178	14.5	4,455,782	14.9
Western China	5,219,348	15.6	4,776,285	16.0
Northeastern China	1,768,620	5.3	1,608,543	5.4
Overseas and other	1,095,153	3.2	1,067,072	3.6
Total	**33,521,174**	**100.0**	**29,870,491**	**100.0**

Repurchase Agreements

Repurchase agreements amounted to RMB1,018,106 million, RMB443,328 million or 77.1% higher than that at the end of the previous year, principally because the Bank moderately borrowed funds based on management needs.

Debt Securities Issued

Debt securities issued amounted to RMB1,369,777 million, RMB463,824 million or 51.2% higher than that at the end of the previous year, principally due to the increased size of NCDs and tier 2 capital bonds issued by the Bank.

Shareholders' Equity

As at the end of 2023, shareholders' equity totaled RMB3,776,588 million, RMB261,169 million or 7.4% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB260,778 million or 7.5% to RMB3,756,887 million. Please refer to the "Consolidated Statement of Changes in Equity" for details.

Off-balance Sheet Items

The off-balance sheet items of the Bank mainly include derivative financial instruments, contingencies and commitments. For details on the nominal amount and fair value of derivatives financial instruments, please refer to "Note 21. to the Consolidated Financial Statements: Derivative Financial Instruments". For details on contingencies and commitments, please refer to "Note 47. to the Consolidated Financial Statements: Commitments and Contingent Liabilities".

Analysis on Statement of Cash Flows

Net cash inflows from operating activities amounted to RMB1,417,002 million, representing an increase of RMB12,345 million as compared to last year, principally due to the increase of net increase of due to customers. Specifically, cash outflows of operating assets increased by RMB351,287 million; and cash inflows of operating liabilities increased by RMB453,898 million.

Net cash outflows from investing activities amounted to RMB891,852 million. Specifically, cash inflows were RMB3,824,545 million, representing an increase of RMB293,157 million over last year, mainly due to the increased cash proceeds from the sale and redemption of financial investments; and cash outflows were RMB4,716,397 million, representing an increase of RMB274,388 million, mainly due to the increase in cash payment for financial investments.

Net cash inflows from financing activities amounted to RMB285,444 million. Specifically, cash inflows were RMB1,422,308 million, representing an increase of RMB466,446 million over last year, mainly due to the increased cash proceeds from debt securities issued; and cash outflows were RMB1,136,864 million, representing an increase of RMB116,213 million, mainly due to the increased cash payment for repayment of debt securities.

Changes of Major Accounting Policies

Since 2017, the International Accounting Standards Board has successively promulgated IFRS 17 — Insurance Contracts and the Amendments to IFRS 17. In accordance with the implementation requirements of the International Accounting Standards Board, the Group has implemented the above-mentioned new IFRS since 1 January 2023. Please refer to "Note 3.(1) New and amendments to IFRSs that are mandatorily effective for the current year" for details.

Reconciliation of Differences between the Financial Statements Prepared under PRC GAAP and Those under IFRSs

In respect of the financial statements of the Bank prepared under PRC GAAP and those under IFRSs, net profit attributable to equity holders of the parent company for the year ended 31 December 2023 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

BUSINESS OVERVIEW

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2023 Amount	2023 Percentage (%)	2022 Amount	2022 Percentage (%)
Operating income	**806,458**	**100.0**	**842,352**	**100.0**
Corporate banking	381,914	47.3	388,915	46.2
Personal banking	317,856	39.4	347,014	41.2
Treasury operations	101,420	12.6	100,374	11.9
Other	5,268	0.7	6,049	0.7
Profit before taxation	**421,966**	**100.0**	**424,720**	**100.0**
Corporate banking	186,946	44.3	179,219	42.2
Personal banking	150,474	35.7	187,093	44.1
Treasury operations	77,165	18.3	52,740	12.4
Other	7,381	1.7	5,668	1.3

Note: Please see "Note 49. to the Consolidated Financial Statements: Segment Information" for details.

Corporate Banking

Focusing on the services for the real economy, the Bank optimized the guideline on corporate banking credit, reasonably expanded total financing, accurately supported key areas and weak links of the real economy, enhanced the adaptability of credit structure to the real economy, and ensured the targeted credit supply. The Bank continuously improved customer structure, with a breakthrough made in medium customers. It promoted the in-depth development of systematic marketing, and accelerated the building of a customer structure composed of large, medium, small and micro enterprises and personal customers in balanced proportions. At the end of 2023, corporate loans reached RMB16,145,204 million, representing an increase of RMB2,318,238 million or 16.8% over the end of last year. Corporate deposits stood at RMB16,209,928 million, representing an increase of RMB1,538,774 million or 10.5%. Corporate customers numbered 12,059 thousand, up 1,366 thousand.

- The Bank consolidated its credit advantage in the manufacturing industry. Guided by the strategies of building a great power in manufacturing and science & technology, the Bank served the breakthroughs in core technologies of key industrial chains, and actively supported high-quality advanced manufacturing enterprises. The Bank solidified the foundation of financial services for the manufacturing industry, and launched a special plan for providing financial support for the development of advanced manufacturing clusters in conjunction with the Ministry of Industry and Information Technology. The balance of loans to manufacturing stood at RMB3.8 trillion, representing an increase of RMB828,870 million or 27.3% over the end of the previous year.

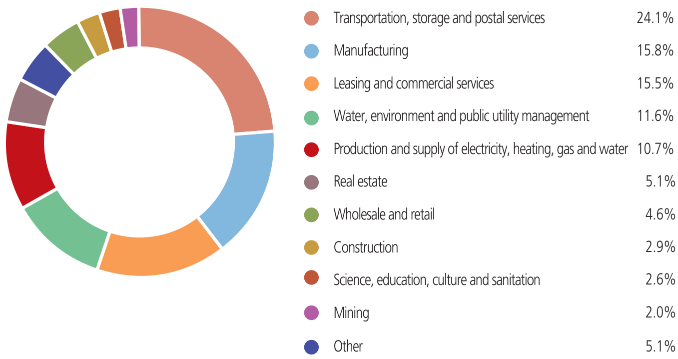
- The Bank continued to optimize the construction of specialized technology finance institutions, established the Head Office's Technology Finance Center, and preliminarily formed a four-level interconnective professional service system for the Head Office, branches, sub-branches and outlets. It deepened the "Chunmiao Action", and increased financing for technology enterprises. The Bank strengthened the "equity, loan, debt and insurance" interconnection, granted more loans to Specialization, Refinement, Differentiation and Innovation ("SRDI") enterprises, gave play to the role of sci-tech innovation in driving the modern industrial system, and supported the virtuous circle of "sci-tech — industry — finance". The balance of loans to strategic emerging industries reached RMB2.7 trillion, representing an increase of RMB948,405 million or 54.1% over the end of the previous year.

- The Bank continuously stepped up financial support for private enterprises and kept improving financial services for these enterprises. It held a private enterprise symposium, and released the Financial Support Action Plan for High-quality Development of Private Enterprises. The bank-wide "Five Emphases" series activities were held to support the high-quality development of private enterprises. The Bank also held financial training programs for senior management of private enterprises.

- The Bank advanced the comprehensive development of green finance and kept its leading position. The Opinions on Promoting the High-quality Development of Green Finance of ICBC were developed, upgrading the seven major systems of green finance, including layout, products, risk control, management, research and organization. As at the end of 2023, green loans under the NFRA's criteria amounted to nearly RMB5.4 trillion, representing an increase of nearly RMB1.4 trillion over the end of the previous year.

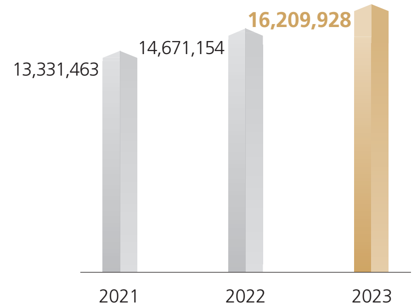
- The Bank endeavored to support the major strategies and key fields in relation to the high-level opening up and the Belt and Road Initiative. The Bank also held a forum on facilitating the optimization of business environment for foreign investment, and released a financial proposal for foreign-invested enterprises at the forum. The Bank provided full-spectrum financial services for over 120 thousand foreign-invested enterprises to come to China for business development and expansion. In the fields of ensuring the supply of strategic resources, serving Chinese manufacturing enterprises "Going Global", and supporting infrastructure connectivity and green and low-carbon development, the Bank vigorously supported Chinese enterprises in laying out high-quality resources abroad, advanced manufacturing enterprises in making the best of both domestic and overseas markets, and pushed forward the implementation of landmark infrastructure projects. In 2023, the Bank won the "Best Domestic Bank for Belt and Road" award from the *Global Finance* and the "Project Finance House of the Year" award from *The Asset* again.

Corporate loans of domestic branches by industry of loan customers



Corporate deposits

Unit: RMB millions



Inclusive Finance

Catering to customer demands, the Bank continuously improved the coverage, accessibility and satisfaction of inclusive financial services, and made efforts to alleviate the difficulties of small and micro customers in accessing financing. As at the end of 2023, the balance of inclusive small and micro enterprise loans amounted to RMB2,227,752 million, representing an increase of RMB677,436 million or 43.7% over the beginning of the year. Inclusive small and micro enterprise loan customers numbered 1,467 thousand, representing an increase of 451 thousand. The average interest rate of inclusive small and micro enterprise loans newly granted in the year was 3.55%, significantly reducing financing costs. In 2023, the Bank was awarded the "Best Inclusive Financial Service Bank of the Year" by the *Financial News* (China). Its inclusive finance services that combined financing, consulting and commercial services were awarded "Example Cases of Innovative Service Delivery" by China International Fair for Trade in Services for the third consecutive year, and the innovation case of its digital inclusive product - "Planting e Loan" was awarded the "Outstanding Case of Inclusive Finance Service Innovation of the Year" by *The Chinese Banker*.

- ✧ Product system has become increasingly compatible. A digital inclusive center was set up to improve the development mode of digital inclusive. The Bank launched a new-generation Quick Lending for Operation featuring open application and flexible withdrawal, upgraded digital credit products, and significantly improved the capability and coverage of inclusive finance services. The Bank simplified the "Online Revolving Loan" procedures, advanced the direct connection of mortgage registration system, improved processing efficiency, launched innovative scenarios such as "Personal e-Enterprise Quick Loan", and expanded credit support for self-employed businesses. Focusing on the key fields of supply chain, the Bank developed a customized financing plan to stabilize, consolidate and reinforce the supply chain. With the standardized product system, the Bank accurately focused on regional and customer characteristics, furthered innovation in specific scenarios for branches, and improved the pertinence and adaptability of services for small and micro customers.

- ✧ Channel operation has become increasingly efficient. The Bank actively developed an integrated online and offline small and micro customer service model, making inclusive finance services accessible. The Bank developed an inclusive edition of mobile banking online to provide a one-stop exclusive service channel for inclusive finance. It strengthened the inclusive finance service capability of outlets, and expanded the coverage of inclusive services of outlets.

- ✧ Risk control system has become increasingly sound. In order to apply technology to risk control, the Bank established and improved a multi-dimensional credit risk prevention and control system for "One Customer + N Products", and developed a full-process risk management system featuring "data driven, intelligent warning, dynamic management and continuous operation". The Bank combined digital risk control with loan management by experts, and strengthened online and offline cross-validation to effectively identify risks. It has achieved "active prevention, smart control and comprehensive management", laying a solid foundation for sustainable development of inclusive finance.

- Comprehensive services have been increasingly considerate. The Bank improved the comprehensive service system that combined financing, consulting and commercial services, creating a sound ecosystem of growing with small and micro enterprises. The Bank promoted a series of activities such as "ICBC Inclusive Finance Travel" and "Visiting Tens of Thousands of Enterprises, Enhancing Confidence and Improving Services", promoted the "ICBC Business Matchmaking" and "Agricultural Matchmaking" platforms, and provided one-stop services such as product recommendation, supply and demand matchmaking, and financing support.

Institutional Banking

- The Bank cooperated with local governments throughout China to show its responsibilities as a large bank. The Bank facilitated the reform of the national fiscal system, and assisted the central budget units in launching the integrated system of agency fiscal budget. It served the circulation of fiscal funds in a safe and efficient manner, and did a good job in the centralized payment on behalf of the treasury. More than 400 political and legal organ customers at all levels have been unveiled on the "Intelligent Politics and Laws", a political and legal case fund management platform, including over 200 unveiled in 2023. The Bank consolidated the foundation of a lead bank for social security business, with more than 4,000 "social security-bank integrated outlets" in China, ranking first among peers.
- The Bank collaborated with peers in serving the real economy. The Bank developed a financial industry consortium with the characteristics of ICBC, to jointly support the real economy. The Bank assisted China Securities Depository & Clearing Corporation Limited in successfully completing the first batch of cross-border fund clearing on newly added Southbound Trading Link trading days, and established a comprehensive partnership with China Trust Protection Fund Co., Ltd. The Bank has ranked first in the market for five consecutive years in terms of innovative services to meet the financing needs of small and medium-sized enterprises, and newly added bill brokerage customers that have signed contracts with the Bank. The Bank joined forces with key property insurance companies to promote enterprise risk management solutions for 10 industries on a pilot basis, to support enterprises in forestalling and defusing production and operation risks. The Bank deepened strategic cooperation with the Beijing, Shanghai and Shenzhen stock exchanges, actively participated in capital market reform and innovation, and developed an exclusive interactive service model for commercial banking and investment.
- Cooperation with peers in digital finance was advanced. The Bank pressed forward with the output of digital projects such as data analysis, data security, digital transformation consulting and data platforms to peers, launched the bill brokerage functions of Xingnongtong APP, enriched the scenarios of acquiring third-party depository customers of the "Intelligent Brain" and "Ma Shang Ying" digital platforms, and continued to empower the digital transformation of financial peers.

Settlement and Cash Management

- The Bank continued to deepen the digital transformation of settlement finance, and improved corporate account services to continuously improve the depth and breadth of settlement financial services, and effectively boost the high-quality development of small and micro enterprises. The Bank actively responded to and implemented the national policy of reducing fees, and steadily promoted reduction of fees for small and micro enterprises and self-employed businesses. In 2023, it benefited 10.44 million small and micro enterprises and self-employed businesses, living up to the responsibilities of a large bank.

- The Bank developed a one-stop, comprehensive and digital service solution for enterprises' treasury, integrating FinTech capabilities. The Bank improved the treasury information system to assist enterprises in improving their fund management and preventing fund management risks. The Bank enriched treasury management cloud services and created a differentiated and matrix-based financial management service system. The Bank facilitated state-owned enterprises to deepen reform, and extended treasury services to local state-owned enterprise customers. It has established cooperation with hundreds of provincial and municipal state-owned enterprises in treasury services.
- ICBC profoundly participated in the building of overseas treasury centers for multinational enterprises, assisted Chinese-funded enterprises in going global through internal and external collaboration, and provided customers with global treasury comprehensive solutions relying on its global network, domestic and overseas integrated technology system and professional service team.
- At the end of 2023, the Bank maintained 13,738 thousand corporate settlement accounts, representing an increase of 1,455 thousand over the end of the previous year. It had 2,027 thousand cash management customers, including 11,563 global cash management customers.

Investment Banking

- The Bank actively implemented the country's key strategies through "M&A plus" full-process services, with a focus on strategic emerging industries, sci-tech innovation and green industry development. In 2023, by the number of M&A deals led by the Bank, the Bank ranked first in Refinitiv's ranking of Any Chinese Investment Completed, and was awarded the "Best Bank for M&A in China" by the *Global Finance*.
- The Bank supported the high-quality development of sci-tech innovation enterprises through diversified equity financing, and improved the financial service support system featuring "equity, loan, debt and guarantee" interconnection. The Bank enriched equity financing products, and optimized the multi-dimensional and multi-level equity business system of "branch + subsidiary", "primary market + secondary market", and "financing + consulting", to enhance financial services for enterprises throughout the whole lifecycle.
- The Bank assisted in rehabilitating existing assets in line with the needs of governments and enterprises, and provided comprehensive financial support for expanding effective investment, mitigating debt risks, and serving the real economy. The Bank expanded the full-scenario asset securitization services for enterprises, optimized the full-process services of "REITs+", and launched the first Belt and Road asset securitization project in China as a project arranger.
- The Bank developed its restructuring consulting service model, enriched the product "toolkit", and helped enterprises improve operating quality and efficiency, thus effectively preventing and defusing financial risks. The Bank integrated the advantages of industry research, risk control, and FinTech resources of the Group to provide customers with professional consulting services such as financial advisory, risk control advisory, and management consulting. Relying on the "ICBC e Security" big data risk control platform, the Bank assisted customers in achieving early risk identification and warning.
- The Bank continued to consolidate its advantages in bond underwriting and underwrote 2,711 domestic bonds in 2023, with a total amount of RMB2.08 trillion. The Bank underwrote 95 ESG bonds with a total amount of RMB112,875 million, including green bonds, sustainability bonds, and social bonds. The Bank underwrote 33 panda bonds for 20 overseas customers, with a total amount of RMB21.4 billion.

Discounted Bills Business

- Through such products and services as "ICBC Manufacturing Companionship", "ICBC Rural Revitalization Discounting" and "ICBC i Green Discount", the Bank intensified bills financing services for key fields such as sci-tech innovation, advanced manufacturing and green development, as well as key strategies such as "SRDI" and "rural revitalization". The Bank also promoted the transformation and development of bill business through operation innovations, including adopting a flexible interest rate strategy, speeding up turnover and building a bill purchase platform.
- In 2023, the Bank had discounted bills at an amount of RMB2,716,741 million, contributing an increase of 23.2% over the previous year, and kept the leading position in the market. In 2023, the Bank was awarded "Excellent Integrated Bank", "Excellent Discount Institution", "Excellent Trading Institution", "Excellent Settlement Institution" and "Excellent Innovative Product Cooperative Institution" by Shanghai Commercial Paper Exchange.

Personal Banking

In 2023, the Bank deepened the implementation of the strategy of building the "No.1 Personal Bank". Catering to customers' needs to spend money, make money, borrow money and manage money, the Bank built a new ecosystem of wealth management, consumer finance, payment and settlement, and account management services, and accelerated the transformation of business operation mode focusing on the building of "master payment account — master wealth account — master relationship account" of personal customers.

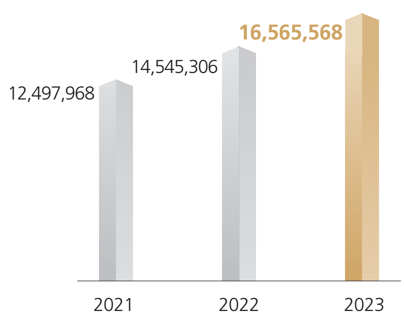
- Transformation of operation was accelerated. The Bank promoted the transition from "selling products" to "serving customers", integrated service resources, created new services and products and optimized service process based on customer demands, and realized the Bank's value by creating value for customers. The Bank built a multi-layer customer segmentation system for all customers, and seized new markets and new opportunities such as counties, new urban residents, personal pension, and Generation Z. It expanded customer sources in batches, developed exclusive products and services, and cultivated exclusive brands. The Bank deepened the digital transformation of personal banking, and leveraged digital technology to serve customers and empower employees. In terms of serving customers, the Bank built a coordination center for implementing the "Intelligent Brain" marketing strategy, refined marketing services targeted at all customers, and deeply implemented the "intelligent experience" project. By establishing a closed loop of management for identifying and resolving customers' problems, the Bank effectively improved customers' satisfaction and experience. In terms of empowering employees, the Bank created a digital intelligent management platform for personal banking (DIMO) and "Marketing Express" personal account manager work platform to improve work efficiency and effectiveness.

- High-quality business development was pushed forward. The Bank kept improving the customer fund circulation ecosystem, accelerated the innovation of personal deposit products, and developed exclusive deposits and wealth management products for key customers, to better meet the differentiated service needs of different customer groups. Faced with the new situation of significant changes in the supply and demand relationship of the real estate market, the Bank pursued city-specific differentiated policies to meet the rigid and improving housing needs of residents, and actively and prudently adjusted the interest rates of existing residential mortgages. The Bank increased personal business loans and consumer loans focusing on areas such as self-employed business, private economy and bulk consumption. It launched innovative student loans based on the needs of college students at different stages, including enrollment, study, and graduation.

- The Bank focused on creating customer value. With the goal of asset preservation and appreciation for customers, the Bank enhanced investment research capabilities, created open product shelves, and comprehensively promoted wealth communities and intelligent asset allocation services. An integrated online and offline business pattern has been established to meet customers' personalized and companionship wealth management needs. The "ICBC Wealth" brand has been established. The "Money Link Account" service brand was launched, providing full lifecycle account services that cover intelligent account opening, intelligent account management, and intelligent account protection. It improved the process of featured debit cards and personalized services, and steadily increased the penetration rate of basic settlement products such as third-party payments and ICBC Messenger.

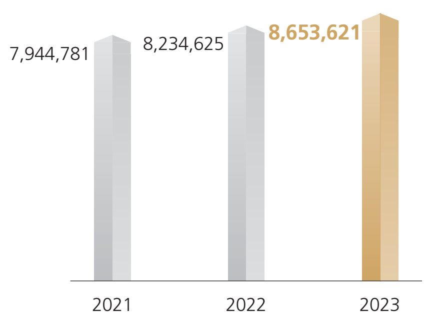
Personal deposits

Unit: RMB millions



Personal loans

Unit: RMB millions



- The Bank was awarded the "Best Wealth Management Bank in Asia Pacific" and "Best Digital Brand Campaign" by *The Asian Banker*, and the "Outstanding Retail Bank" and "Outstanding Wealth Management Bank" by JRJ.com. At the end of 2023, the number of personal customers increased by 19.80 million over the end of the previous year to 740 million. Assets under management totaled RMB20.71 trillion. Specifically, personal deposits reached RMB16,565,568 million, representing an increase of RMB2,020,262 million or 13.9%. Personal loans stood at RMB8,653,621 million, representing an increase of RMB418,996 million or 5.1%. Funds under agency sales amounted to RMB419.7 billion, government bonds under agency distribution were valued at RMB52.2 billion, and personal insurance products under agency sales were reported at RMB97.4 billion.

Private Banking

- The Bank strengthened the full-journey construction of customer services, advanced customer segmentation services, and built a full-chain product service ecosystem composed of "research, selection, selling and management". The Bank created a new paradigm for serving entrepreneurial customers, and released the entrepreneurial partner banking service system with the theme of "Forwarding with Our Partners for Entrepreneurial Glory". It has set up approximately 900 "Entrepreneurs Service Centers". To achieve the upgrading and promotion of family trusts, the Bank collaborated with partners to release the innovative "Collective Charity Trust Service Ecosystem" version 2.0 (Donor-advised Fund model), and won the "Shanghai Financial Innovation Award of the Year" from the Shanghai Municipal Government. The Bank collaborated with partners to launch the "Prolong Life Joyfully" series of special purpose family trust for elderly care in an innovative manner, thus solving customers' pain points in the field of elderly care security. It also advanced the implementation of family office comprehensive consulting services.
- The Bank was awarded the "Best Entrepreneur Client Service in Private Banking in China" by *The Asian Banker* and the *Wealth*, and the "Best Private Bank for Big Data Analytics and AI in China" by the *Financial Times* of the UK.
- At the end of 2023, the Bank maintained 262.9 thousand private banking customers, representing an increase of 36.9 thousand or 16.3% over the end of the previous year. Assets under management totaled RMB3.07 trillion, representing an increase of RMB443.1 billion or 16.9%.

Bank Card Business

- Under the framework of "GBC+", the Bank deepened the basic project of merchant marketing, continuously expanded the coverage of financial services for merchants, and provided a package of comprehensive services. The total number of merchants has exceeded 12 million, and the acquiring transaction value has reached RMB4.5 trillion. Service quality and efficiency have been improved markedly. The Bank carried out an action to "stimulate domestic demands and consumption in cooperation with tens of millions of merchants to offer preferential services for hundreds of millions of customers" and more than 500 "ICBC I GO" sales promotion activities focusing on the clothing, food, housing, transportation, sports, tourism, and entertainment of residents. It was the first one among domestic financial institutions to support the building of a cultural tourist station, and increased credit support for automobiles, home decoration and other bulk consumptions, to help expand domestic demand and stabilize economic growth.
- A new ecosystem of lifestyle services based on ICBC e Life 6.0 platform was created. In cooperation with high-quality top platforms, the Bank developed eight ecosystems composed of "takeout, catering, tourism, shopping, supermarket, theme parks, digital movie, and car owner life", and three life circles of "office life, community life, and scenario life", achieving mutual promotion between B end and C end, enriching the rights and interests service system, and providing better customer feedback.
- Product innovation was intensified. The Bank developed innovative ride codes across Hong Kong, Macao and Zhuhai. It simultaneously issued fashionable Macao-themed cards at home and abroad. The "China-Laos Railway" online ticketing APP acquiring project was developed and put into service. To support the payment acceptance for the FISU World University Games and the Asian Games, the Bank launched "tied foreign card" products in an innovative way, ensuring the convenience of mobile payments for overseas visitors to China, and providing a "safe, efficient, diverse and convenient" payment environment.
- As at the end of 2023, the Bank had issued 1,230 million bank cards, up 10.88 million over the end of the previous year, including 1,077 million debit cards and 153 million credit cards. The balance of credit card overdrafts was RMB689,731 million. In 2023, ICBC bank cards registered a consumption volume of RMB20.84 trillion, including RMB18.60 trillion from debit cards and RMB2.24 trillion from credit cards.

New Breakthroughs Made in Personal Wealth Management

In 2023, the Bank continued to deeply implement the No.1 Personal Bank Strategy, with the goal of creating customer value and improving customer experience. It accelerated the construction of a new ecosystem of digital customer services, promoted the construction of "master wealth accounts" for customers, strengthened its customer reach, and improved the quality and efficiency of internal business management, to help residents generate more property income. During the reporting period, the balance of personal financial assets of the Bank exceeded RMB20 trillion, maintaining a leading position in the market.

I. Increasing Diversified Supply to Meet Customer Needs

First, improving savings deposit products and services. While providing customers with full maturities and full varieties of savings deposit products, the Bank launched the "Zhi Cun Bao" service to render digital services such as periodic automatic deposits and receipts for customers and better respond to their demand for convenient services. **Second, building an open inclusive wealth management system.** Relying on the digital financial capabilities of ICBC, the Bank launched an innovative automatic investment plan. The Bank set a purchase threshold at RMB1 based on the inclusive philosophy, so as to meet the three types of fund management needs of customers, i.e. "spare money management, sound profitability, and income advancement", and provide product support for customers to create long-term value. **Third, increasing the supply of stable fund products.** Based on market trends and customer appetite, the Bank increased the supply of index fund products, launched innovative personalized investment tools such as "target investment and automatic intelligent fund investment", and guided customers with high and medium risk appetite to make investments in adverse situations and improve return elasticity.

II. Promoting Intelligent Asset Allocation to Improve Value

First, continuously iterating the "Intelligent Brain" strategies and functions. With the "Intelligent Brain" as the center of marketing strategy, the Bank made efforts to improve customer perception and computational accuracy. A total of 61 intelligent models and 7,200 marketing service strategies have been deployed, covering over 50 thousand products, services, and promotion activities. It generated real-time differentiated service plans for a total of 740 million customers, forming a new approach and mechanism of digital services for personal customers. In 2023, the "Intelligent Brain" strategy service was provided to 200 million customers, directly facilitating customers to purchase key products worth RMB1.87 trillion, 2.14 times that of 2022. **Second, improving the "intelligent asset allocation" service system.** The Bank accelerated the iteration and upgrading of asset diagnosis and planning functions, restructured the scenario models of children's education, elderly care planning, and large-value expenditures, and developed a one-stop, personalized asset allocation service platform. In 2023, the Bank provided intelligent asset allocation services for nearly 6 million customers, driving AUM up more than RMB440.0 billion and facilitating product transactions of approximately RMB500.0 billion.

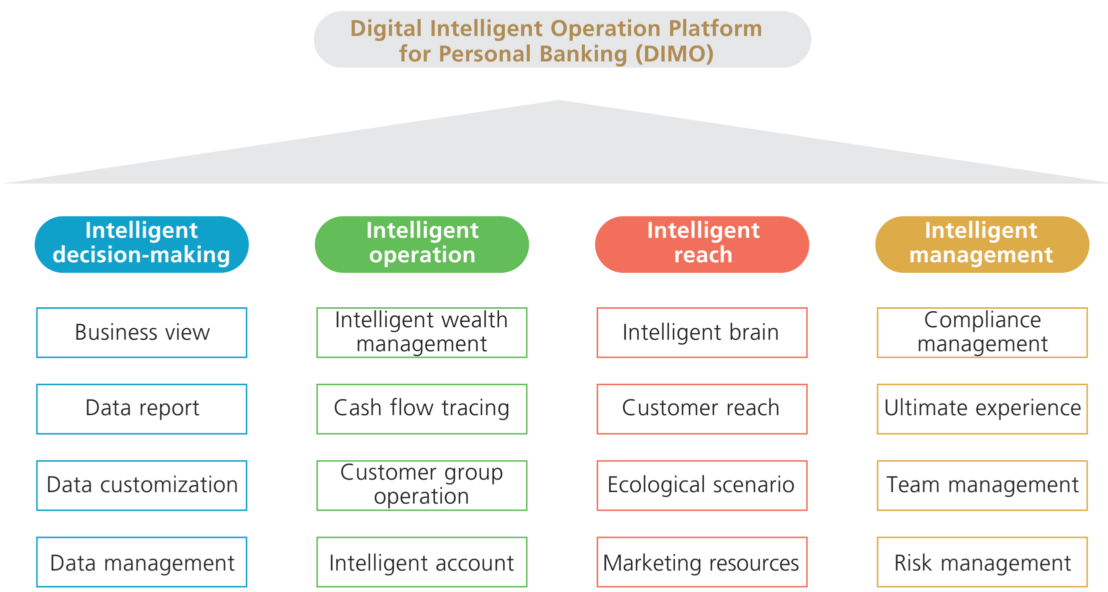
Intelligent Brain

III. Leveraging Channel Advantages to Create an Ecological Service System

First, building a full-journey wealth companionship system. Relying on the mobile banking wealth community, the Bank launched three innovative tools: automatic fund investment plan, index-based fund selection, and hot topic-based fund selection, to meet the personalized and companionship wealth management needs of customers and create the "Wise Gold" brand. Meanwhile, the Bank took the lead in the industry to launch family finance service mode, providing such services as family relationship management, family asset management and family interests management. The service was upgraded from serving one person to serving one family. As at the end of 2023, the number of followers of the wealth community exceeded 39 million, and the wealth community received wide recognition from customers. **Second, strengthening the integrated online and offline operations.** The Bank actively carried out the "ICBC Wealth 518, 828 and 1118" series activities to continuously expand the full customer service scenarios, strengthen the advantages of digitalization of wealth community service elements, dynamic operation location, automated path access, personalized investment companionship, intelligent sales adaptation, and customer business clustering, and improve refined operation and customer experience.

IV. Empowering Outlets Services and Implement Platform-based Business Management

First, jointly creating a new ecosystem of digital services. Adhering to the service philosophy of "digital finance" and relying on digital assets and digital technology, the Bank explored data-driven new models in the field of wealth management, provided platform support for digital management of products, multi-dimensional customer profiling, marketing strategy coordination, digital operation of customer groups, and ultimate experience evaluation, and comprehensively structured a new ecosystem of ONE-ICBC digital services. **Second, endeavoring to cultivate new capabilities of digital operation.** The Bank launched the Digital Intelligent Operation Platform for Personal Banking (DIMO), which integrates 28 professional systems, applies digital thinking to deconstruct the logic of personal banking transformation, builds four innovative segments: intelligent decision-making, intelligent reach, intelligent operation, and intelligent management, creates a one-stop workbench for operation and management, empowers outlets to improve service quality and efficiency, and achieves more efficient business management and more targeted customer service.



Asset Management Services

Actively seizing opportunities for development, the Bank enhanced its investment management and research capabilities on all fronts and tried to satisfy diversified financial demands at the two ends of product and investment. At the product end, it improved the professionalism of financial services such as wealth management, mutual fund, insurance, pension fund, etc. and developed the "ICBC Asset Management" brand to satisfy customers' demands for wealth preservation and appreciation. In terms of wealth management, the Bank leveraged its advantage in inclusive wealth management service to better satisfy the diversified demands of investors, and saw a rapid growth of key inclusive finance customers, including new urban residents, rural residents and self-employed businesses. In terms of fund, it actively catered to the diversified demands of investors and bettered companionship for them by tapping into its comprehensive advantages such as great business varieties, a rich product system and good performance in medium- and long-term investment. In terms of insurance, the Bank vigorously explored the issuance of insurance asset management products, strengthened its diversified investment and project development capabilities, and actively enhanced the quality and efficiency of its response to customer demands. At the investment end, the Bank fully capitalized on the wealth management, fund and insurance licenses of its integrated subsidiaries, focused on product selling through various channels, project recommendation, risk control and assessment, and intensified supports to investments in high-end manufacturing, SRDI enterprises, inclusive small and micro enterprises, sci-tech innovation, green development and so on, in a bid to fuel China's modern economy system building with new development philosophy.

Wealth Management Services

✧ At the end of 2023, the balance of wealth management products reached RMB1,857,056 million, of which RMB1,607,477 million was the balance of wealth management products of ICBC Wealth Management. Please refer to the section headed "Business Overview — Comprehensive Operation and Subsidiary Management" for details on the business development of ICBC Wealth Management.

Asset Custody Services

✧ The Bank continued to refine product structure, and provided innovative custody services for broad-based index funds such as STIB 100 ETF, CSI 2000 ETF and BSE 50 Index, as well as theme index funds such as SOE ETF and Sci-Tech Innovation Theme ETF. It provided custody service for the first new energy REITS product in the market. The Bank stayed ahead of its peers in terms of the scale of "Southbound Bond Connect" custody business and the number of clients. At the end of 2023, the insurance assets under custody totaled RMB7.0 trillion, the mutual funds under custody amounted to RMB3.7 trillion, and the pension funds under custody of the Bank stood at RMB2.8 trillion, all ranking first in the industry.

✧ The Bank accelerated service innovation. It held a custody innovation cooperation forum, to disseminate custody service and its concept of "integration for win-win results, and building ecosystem", opening a new chapter in platform-based ecological development. It was awarded the "Best Custodian Bank in China" by *The Asian Banker* and the "Model Custodian Bank for Mutual Funds over 25 Years" by the *China Fund News* and the "Tianji Award for Outstanding Asset Custodian Bank" by the *Securities Times*.

✧ At the end of 2023, assets under custody (excluding fund escrow business) reached RMB21.9 trillion, which included assets under fund administration of RMB2.4 trillion.

Pension Services

✧ The Bank advanced the overall planning of pension finance in an orderly manner. The Bank kept improving the top-level design, strengthened overall planning and promotion, and achieved positive results in the ecosystem construction of scenarios such as "Net Making and Patching", "Civil Affairs + Elderly Care + Finance", and Mobile Banking Pension Finance Column.

✧ The Bank strengthened annuity marketing capabilities. It successfully won the bids for the qualifications of entrusted management and account management of multiple large enterprises' annuities. It actively carried out tiered marketing, and promoted the coordinated development of large, medium, and small customers. The pilot program of personal pension was launched steadily. It took the lead in passing the acceptance of connection with the new versions of the Personal Pension Information Management Service Platform and the Personal Pension Banking and Insurance Industry Information Platform of the Ministry of Human Resources and Social Security, and stayed ahead of peers in achieving closed-loop management of the entire business process.

✧ New achievements have been made in digital transformation. The Bank took the lead in the industry to launch a panoramic view of mobile banking pension finance services, achieving a unified display of the "three pillars" of pension assets. It continuously enhanced the service capability of the pension entrusted investment monitoring system, and refined the user experience of "ICBC e Pension".

✧ At the end of 2023, the entrusted annuity funds amounted to RMB554.1 billion. The Bank managed 13.14 million individual enterprise annuity accounts, and the annuity funds under custody reached RMB1,378.1 billion. The Bank ranked first among peers in terms of the scale of entrusted enterprise annuity funds, number of individual enterprise annuity accounts and annuity funds under custody. The Bank won the "Tianji Award for Pension Financial Services Bank" granted by the *Securities Times* again. It also won such awards as "Pension Finance Organizations of the Year" granted by the yicai.com.

Great Achievements Made in Pension Finance Service

In 2023, the Bank continued to improve the layout of pension finance work under the guideline of the Central Financial Work Conference. The Bank optimized the supply of pension finance products and services, and promoted innovation in comprehensive and ecological service models, to effectively meet the needs of governments, enterprises, and individuals for pension finance. Through continuous development, the Bank has established a pension finance operation pattern featuring standardized management, professional teams, complete products, and efficient operation, maintaining a leading position in basic pension insurance, annuity management, personal pension, elderly customer services, and elderly industry finance.

First, the layout of pension finance kept improving. The Bank provides financial solutions targeted at governments, enterprises and individuals. It actively gave play to the organizational role of the Pension Finance Committees of the Head Office and branches, strengthened cross-sector, cross-level and cross-customer group coordination and collaboration across the Group, and formed a pattern of unified planning and classified management. The Bank improved the product and service system of pension fund finance, elderly service finance, and elderly industry finance, took the lead in the industry to establish a pension finance business indicator system covering nine lines and 31 indicators, and developed and put into operation a pension finance data platform.

Second, the Bank stays ahead of its peers in terms of pension management. The Bank launched a panoramic view of pension finance services, allowing customers to conveniently query the pillar 1, pillar 2, and pillar 3 pension assets through mobile banking, and independently carry out pension planning and measurement. In terms of pillar 1 basic pension insurance, the Bank comprehensively provided financial services to support various reforms of social security, actively participated in social security informatization, and went all out to ensure the operation of social security funds. The Bank ranked high among peers in terms of the scale of social security deposits and the number of financial social security cards issued. In terms of pillar 2 enterprise annuity and occupational annuity, the Bank and its subsidiary ICBC Credit Suisse Asset Management Co., Ltd. have "full-license" qualifications for trusteeship management of annuity, account management, custody, and investment management. As at the end of 2023, total pensions under management of the Group reached RMB4.1 trillion. In terms of pillar 3 personal pension, the Bank took the lead among financial institutions to launch personal pension business, and developed a diversified product line covering pension savings, pension wealth management, pension target funds, and commercial pension insurance. It provides customers with full-process services such as account opening, fund contribution, product investment, benefit receipt, and personal income tax withholding and payment.

Third, remarkable achievements were made in elderly customer services. Adhering to the philosophy of loving, assisting, and serving the elderly, the Bank actively provided considerate pension finance products and services for the people. Focusing on the needs of elderly customers, the Bank pushed forward the upgrading of outlet facilities catering to the needs of elderly customers, refined the "ICBC Aixiangban" elderly customer service brand, improved the functions of the "Happy Life" version of mobile banking, developed an "ICBC Sharing Station + Elderly Care" outlet service scenario, and promoted the complementary connection of online and offline service channels. The Bank carried out various "respecting and loving the elderly" actions, launched comprehensive financial account security locks, and provided financial security education to help the elderly build a line of defense for financial fraud.

Fourth, elderly wealth management kept improving. The Bank integrated various products such as deposits, wealth management, funds, insurance, etc. to meet the wealth preservation and appreciation needs of elderly customers and those who were getting old, and launched multiple exclusive products and related rights and interests, providing diversified financial investment modes for personal customers to achieve their elderly care goals. Relying on holding themed activities on elderly related holidays by outlets and online channels, the Bank delivered lectures on pension policies and pension investment knowledge to assist residents in reserving elderly care funds.

Fifth, elderly industry finance achieved sound development. Closely following the country's layout of the silver economy and the pension industry planning of each region, the Bank optimized credit policies and increased financial support for the elderly industry, to boost the high-quality development of the silver economy. The Bank provided comprehensive financial service solutions to meet the financial needs of enterprises in the pension industry for investment and financing, account management, payment and settlement, and digital and intelligent scenario construction. The Bank made good use of the policy instrument of special refinancing for inclusive pensions to provide good financial services for inclusive pension enterprises.

Financial Market Business

Money Market Activities

- In terms of RMB, the Bank effectively fulfilled the responsibilities assigned by PBC for primary dealers in the open market, efficiently assisted with the dissemination and transmission of prudent monetary policies, and actively increased funding support for financial institutions in the market. The Bank scientifically developed financing strategies, rationally devised financing maturities, varieties and counterparty structures, and constantly improved the efficiency of treasury operations. Digital transformation was deepened on all fronts. Fully leveraging advantages of independent research and development, the Bank launched the functions such as automatic inquiry via artificial intelligence machine and intelligent transaction assistant, and achieved further breakthroughs in the fields such as intelligent transactions and risk control throughout the entire business process. The Bank continuously refined system functions and institutional systems, monitored and assessed the credit status of counterparties in a forward-looking way, effectively prepared risk response plans, and strictly implemented various risk prevention and control measures, in order to ensure fund security.
- In terms of foreign currencies, the Bank strengthened the analysis and judgment of changes in the fund liquidity and interest rates of foreign currency markets. While ensuring liquidity safety, it flexibly devised financing maturity and currency variety to improve the use quality and efficiency of foreign currency funds. As a quotation bank in the interbank foreign currency lending market, the Bank actively participated in the settlement express project of China Foreign Exchange Trade System and other business innovations, continuously maintaining its leading position in China's foreign currency market. In 2023, the Bank continuously won many honors, including the "Best Foreign Currency Lending Panel Bank", the "Best Foreign Currency Lending Member" and the "Best Foreign Currency Repurchase Member" granted by China Foreign Exchange Trade System.

Investment

- In terms of RMB bonds, the Bank persisted in serving the real economy, and gave play to its role as a large state-owned bank in financial services. It constantly consolidated its advantages in government bond investment, providing strong fund support for economic development. The Bank continuously facilitated enterprise bond investments in key fields such as green development, advanced manufacturing and sci-tech innovation.
- In terms of foreign currency bonds, the Bank steadily engaged in foreign currency bond investment, and domestically adjusted the structure of investment portfolios. It continuously improved the security and yields of the portfolios, and stepped up supports to advanced manufacturing, sci-tech innovation, green finance and so on. Furthermore, it activated the offshore market and steadily advanced "Southbound Connect" bond investment transactions. The Bank came in first among Chinese-funded banks in the selection of "Top Investment Houses in Asian G3 Bonds" by *The Asset* for the third consecutive year, constantly improving its market image.

Treasury Trading Business on Behalf of Customers

- In terms of foreign exchange settlement and sales and foreign exchange trading on behalf of customers, the Bank strengthened dissemination of the foreign exchange risk-neutral philosophy, and promoted the philosophy and currency risk hedging products to foreign-related enterprises online and offline by various means, in order to help enhance the awareness of risk aversion and the capability of managing currency risk. Support for micro, small and medium-sized enterprises was enhanced. A number of branches have completed the first currency risk hedging transaction for micro, small and medium-sized enterprises under the third-party guarantee within their jurisdiction, effectively lowering the business access threshold and transaction costs for customers. The Bank accelerated product and service innovation, and added seven cash exchange currencies, to provide high-quality financial services for major events such as the Chengdu FISU World University Games and the Asian Games Hangzhou. It launched RMB foreign exchange option services in electronic trading platforms and Chat Dealing system to improve customers' experience.

- In terms of the over-the-counter ("OTC") bond business, the Bank was among those that first participated in the issuance of Shanghai Clearing House OTC bonds issued by the Export-Import Bank of China and the Agricultural Development Bank of China to small and medium-sized financial institutions. It also distributed the financial bonds and green bonds of the Agricultural Development Bank of China with the themes such as "supporting the construction of high-standard farmland", as well as the OTC local government bonds in 35 provinces (autonomous regions, municipalities directly under the Central Government, and cities specifically designated in the state plan), to assist in building a multi-level bond market system, and actively support green finance, agricultural development and regional development. The Bank won the "Excellent Underwriter Award for Over-the-Counter Circulating Bonds", the "Excellent Underwriter Award for Over-the-Counter Local Government Bonds" granted by China Central Depository & Clearing Co., Ltd. and the "Excellent Participant in OTC Bond Business" by Shanghai Clearing House.

- In terms of foreign institutional investors trading business in China's interbank market, the Bank actively served foreign institutional investors from more than 60 countries and regions throughout the world, to meet their needs for investment and trading in China's interbank market. The Bank won the "Excellent Settlement Agent under Global Connect Business" and the "Excellent Contributors to International Business" granted by China Central Depository & Clearing Co., Ltd., and the "Cross-border Subscription Pioneer (Underwriter)" granted by Bond Connect Co., Ltd.

Asset Securitization Business

- In 2023, the Bank issued eight asset-backed securities, all of which were NPL securitization programs, with a total amount of RMB5,966 million.

Precious Metal Business

- The Bank enhanced the inclusiveness of precious metal physical products, and launched a new version of small specification affordable Ruyi gold bars, lowering the threshold for purchasing gold. Tailored to the preferences of young customers, the Bank developed the second phase of "Harry Potter" products. In line with regional characteristics, it developed the "Magnificent Sichuan • Traveling Panda" series products, and won the "Happy Tianfu • Chengdu Gift" gold award.

- Precious metal services targeted at corporate and institutional customers were improved. Focusing on the construction of a modern industrial system, the Bank consolidated financial services for enterprises in the industry chain of precious metals, and developed raw material financing services for emerging industries that apply precious metals, such as petroleum refining, photovoltaics, and new materials. The Bank actively satisfied the demand for interbank gold leasing, and steadily promoted the cooperation of banks in association to gold accumulation products, to further meet the asset allocation needs of customers in urban and rural markets.

- In 2023, the Bank ranked first in the market in terms of the amount of clearing on behalf of Shanghai Gold Exchange, and the scale of enterprise gold leasing and interbank gold leasing. The Bank was awarded "First Prize of the Excellent Financial Member" and "Best Product Promotion Contributor" again by the Shanghai Gold Exchange.

FinTech

Adhering to technology-driven development and value creation, the Bank quickened the pace of building a tech-empowered bank and D-ICBC. It cemented the foundation of production and operation safety, enhanced the ability to drive innovation by technology, deeply cultivated the D-ICBC digital ecosystem, and deepened the reform of information technology systems and mechanisms to develop a new engine that meets the requirements of high-quality development.

In 2023, the Bank was ranked first place in the banking industry in NFRA's IT supervision ratings, keeping the leading position among peers. The Bank's five technical achievements won PBC's "FinTech Development Awards", of which the banking FinTech online database transformation project won the First Prize. The Bank won a number of FinTech awards, including the "Best Process Automation Project", the "Best Data Management Implementation" and the "Best Banking as a Service Technology in China" granted by *The Asian Banker*, and the "Institution of Excellence in Financial Innovation" and the "Outstanding Cases of Fintech Innovation" granted by *The Chinese Banker*. The Bank's AI big model was ranked first in the "Top 10 Financial Informatization Events in 2023" by the *Financial Computerizing* of PBC. It was the only innovative application of big model technology selected in the banking industry. The Bank was the first and the only one to receive the highest level of financial digital capability maturity certification from the National Financial Technology Certification Center.

Consolidating the Foundation of Production and Operation Safety

The Bank actively responded to the complicated and changing external situation and the new challenges brought by technological innovation, adhered to the production safety measures, and deepened the transformation of production, operation and maintenance. It improved the cyber security defense capability on all fronts, and further enhanced the technical capability of data security. The availability of the Bank's information system remained above 99.99%, providing strong support for the Bank's digital transformation.

- The Group's cyber security defense capability was improved. The Bank continuously improved the overall management mechanism for cyber security, enriched the threat information bank, enhanced vulnerability threat awareness, strengthened the disposal of internet attack sources, and regularly verified its effectiveness. It stepped up efforts in building the cyber security team and enhancing the capability of defensing cyber-attacks, actively optimized and upgraded the enterprise-level cyber range, and carried out innovation in distributed range in conjunction with national labs. The Bank actively carried out special investigations and reinforcement of cyber security throughout the Group, improved cyber security plans such as ransomware attacks, and enhanced the overall capability of cyber security protection of the Group.
- A leading operation maintenance and disaster recovery backup system has been put in place. The Bank strengthened modular operation and maintenance service capabilities from a business perspective, and enhanced production and maintenance capabilities such as end-to-end monitoring of the entire chain, and high availability of disaster recovery. It upgraded the architecture of operation and maintenance tools, and steadily pushed forward the transformation of production and maintenance. The Bank comprehensively upgraded the disaster recovery support system, enhanced the high intra-city availability of important business systems and the practical capability of non-local disaster recovery takeover, promoted the construction of non-local autonomous and controllable disaster recovery cloud platforms, and strengthened the disaster recovery capabilities of core business scenarios on all fronts.
- The data security management system was refined. The Bank improved data security management system, intensified data security organization guarantees, and formed an integrated data security management organization structure featuring interaction between the Head Office and branches and well-defined responsibilities. The Bank optimized the data security technology management framework, reinforced the data security technology defense system, ameliorated the data security technology platform, and accumulated standardized data security technology capabilities. The Bank continuously pressed for the implementation of tiered and classified data security standards, carried out data security risk assessment and emergency drills, and intensified promotion and training in this regard to enhance the bank-wide awareness of protecting data security.

Enhancing the Innovative Technology-driven Capabilities

Upholding the philosophy of technology self-reliance, the Bank upgraded the ECOS technology ecosystem, promoted technology breakthroughs in key fields of core technologies, accelerated the transformation of cutting-edge technological research results into business value, and fully empowered digital transformation, to support overall business development with high-end technologies.

- The Bank's flexible, reliable clouds and distributed technology system was upgraded. The Bank actively promoted the plan on Group-wide clouding infrastructure construction, bringing the number of cloud nodes to more than 200 thousand, and the number of business containers to over 140 thousand. The scale kept the bank in an industry-leading position. Customer information and personal accounts have been fully migrated to the "cloud + distributed" autonomous and controllable platform, and achieved full architecture transformation of retail banking. More than 80% of the business volume in the Bank's core system was based on the single track operation of an open platform. The Bank has smoothly tackled the real test of multiple business peaks and complex scenarios in 2023.

- The cultivation of new technology platform support capabilities and scenario applications were advanced. The Bank established the first 100 billion-level fully stack autonomous and controllable AI big model technology system in the industry, and took the lead in achieving innovative applications in multiple financial business fields. It enhanced the technical capability of the enterprise-level data middle office and big data platform with the real-time data warehousing capability, thereby optimizing data permission and comprehensively improving the timeliness and availability of big data resources. The Bank continuously advanced the construction of Robot Process Automation (RPA) technology platform and its application to business. The platform has been applied in 37 business lines. 13 comprehensive digital employees and over 1,000 digital employees for process automation were under construction, with an intelligent efficiency of over 30 thousand people per year, helping to improve employees' burden.

- The Bank accelerated the exploration of applying cutting-edge technology research achievements. It explored the application of privacy computing in cross-institution scenarios, collaborated with financial peers to achieve interbank fund flow verification based on such technology, and received acclaim from regulators. The Bank released the Research Report on Quantum Computing Financial Application to actively explore quantum computing application in the financial industry. It also joined forces with leading enterprises to promote collaborative innovation. The quantum key distribution and encryption functions were launched in external business terminals to enhance the security of financial data transmission.

Deeply Cultivating the Digital Ecosystem of D-ICBC

The Bank continuously deepened the integration of technology, data, and business, and steadily promoted the development of D-ICBC. A series of digital innovation achievements have been made. D-ICBC has been playing an increasingly pivotal role in empowering the transformation and innovative development of the Bank.

For details, please refer to the section headed "Hot Topics in the Capital Market — Hot Topic 5: Continuous Deepening of D-ICBC".

Deepening the Reform of Technical System and Mechanism

The Bank kept improving information technology innovation mechanisms, and reinforced the building of information technology talent teams. It deepened the information technology basic governance, continued to improve financial innovation response efficiency and supply capability, and unleashed the vitality of the Bank's FinTech innovation. The Bank invested RMB27,246 million in FinTech in 2023, and it had 36 thousand FinTech personnel, accounting for 8.6% of all employees across the Bank.

- Technical innovation mechanism was improved. The Bank continuously refined the open competition mechanism, did a good job in selecting and evaluating the projects in key business and technology fields, and selected and rewarded the technology projects of great significance to the Bank and typical outstanding projects in digital transformation, which highlighted the practice and performance-oriented approach, and exerted the benchmark and demonstration effect. The Bank continuously improved the product management mechanism, implemented enterprise risk management requirements, expanded the coverage of the Group's product catalog, created a normalized operation mechanism, improved the experience enhancement mechanism featuring the internal closed loop of technology, and increased the proportion of resolved R&D experience problems.

- The governance of technology and data foundation was deepened. The Bank strengthened product and demand management, organized the exit of inefficient products and functions, and developed a demand integration and improvement plan. The Bank deepened the integration of R&D and operation, enhanced the "One Click Deployment" capability of application versions, and built a one-stop production workbench for application, operation and maintenance personnel, significantly improving efficiency. The Bank refined the basic management of technology equipment resources and developed a plan to enhance the management of technology equipment resources. The Bank carried out data asset inventory and ownership confirmation, continuously expanded data resources, deepened data governance, and solidified the foundation of digital management. In the exploration of FinTech ethics, the Bank issued the Administrative Measures for FinTech Ethics, and embedded the requirements of FinTech ethics throughout the entire process of technology application, innovation and R&D, in order to enhance the effectiveness of technology management in the new context.

- The building of the technical data talent team was enhanced. The Bank continuously optimized the structure of technology talents. Relying on the "Tech Elite" recruitment brand and the centralized training mechanism, the Bank accelerated the transformation of grassroots FinTech functions towards innovative R&D and marketing service support, and strengthened the high-quality technology supply capacity. The Bank kept improving the environment for the development of information technology talents, and actively carried out exchange projects such as targeted support for information technology talents, in an effort to build a top-notch information technology talent team. The Bank continuously enhanced the professional capabilities of information technology talents, and deployed multi-level talent training programs targeted at leading and backbone talents, focusing on digital transformation and FinTech. The Bank promoted the in-depth integration of data talent cultivation and business development. The Group had 9,375 data analysts, covering various professional lines and coming from domestic and overseas institutions. It has formed a digital talent foundation, which consists of junior, middle and senior levels, and combines full-time and part-time positions. Through modeling competitions, data elites, cross-sector exchanges, integration of industry, academia, and research, and systematic training and practice, the Bank set up a flexible analyst team dedicated to "data + business + application", to deepen the integration of data and industry, and empower business development.

Internet Finance

Aiming at building D-ICBC, the Bank accelerated the construction of a digital financial service system that is compatible with a modern economic system, to develop a new mode of digital financial development with a focus on building platforms, enhancing capabilities, expanding scenarios, and building ecosystems. In 2023, digital business accounted for 99.0% of the total.

Reinforcing New Infrastructure of Digital Finance and Deepening the Construction of Core Platforms

- The building of the "Best Mobile Banking" has stepped up to a new stage. Towards the direction of intelligence, simplicity and humanization, the Bank launched innovative personal mobile banking (version 9.0), focusing on mega wealth, full financing, consumption promotion, strong intelligence, and better experience, to create a panoramic digital financial service system. The Bank took the lead in the industry to launch such services as family wealth, inclusive financing for people and enterprises, wrap-around homepage, 3D precious metal exhibition hall, etc., continuously enhancing the momentum of digital innovation. The Bank innovated the scenarios of consumption, rural areas, convenient services, and cross-border business, upgraded the right and interest center 2.0, and provided new experiences for customers in one-stop inquiry about and use of customer rights and interests. At the end of 2023, the Bank had 552 million personal mobile banking customers, with more than 229 million monthly active mobile users, leading the industry in terms of customer base and activity.

- The Bank opened a new chapter in the open banking ecosystem. Relying on corporate internet banking and mobile banking, the Bank created the "ICBC e Cloud" corporate digital financial service platform, and launched the SRDI service column, inclusive column, and other services for exclusive customer groups, providing customers with ecological services that integrate multiple financial and business scenarios. At the end of 2023, the Bank had 15.12 million corporate internet banking customers, with 6.17 million monthly active corporate internet banking customers, ranking first in the industry in terms of customer base and activity. The Bank built the "ICBC e Pooling" open financial service platform, to enhance basic service capabilities from the perspective of users. It launched a new portal for open banking services, and formed a comprehensive service solution tailored to the needs of platform-based customers. It also provided integrated and comprehensive financial services to meet customers' diversified financial needs.

- Dual-driven online services were offered for rural revitalization. The Bank built an online accessible service system focusing on ICBC "Xingnongtong" App and "Xingnongtong" mobile banking version, to assist in promoting financial services in rural areas. The Bank provided exclusive loans, large-value deposits and other financial services for rural customers in county areas, serving over 160 million active customers accumulatively. The Bank launched featured products such as Planting e Loan, county-level exclusive deposits, and large-value certificates of deposits, and provided "Agricultural Matchmaking" services for over 350 thousand agriculture operators. In conjunction with China CO-OP Group and the supply and marketing cooperatives at all levels, the Bank integrated finance into core supply and marketing business scenarios such as agricultural materials trade and agricultural product sales. The Bank established a "targeted assistance and consumption column" to assist in revitalizing rural industries.

- Overseas internet finance developed steadily. The Bank launched a column of mobile banking services for the Greater Bay Area, achieving mutual identity recognition, scenario sharing, and fund connectivity. "Cross-border e Payroll" services were rendered in nine countries and regions, and overseas internet finance services have covered 43 countries and regions. Overseas personal mobile banking (version 8.0) and overseas enterprise internet banking (intelligent version) were launched in an innovative way, providing more choices for overseas institutions to develop local markets.

Cultivating New Momentum of Digital Operation and Enhancing Enterprise-level Digitalization Capability

- Intelligent upgrading of remote banking services was pushed forward. The "Intelligent Service Center" has been upgraded with high quality. The Bank was the first among peers to apply large-scale model technology to scenarios such as seat assistant, in order to ensure multilingual services during significant events such as the Chengdu FISU World University Games and the Asian Games Hangzhou. The annual service volume was 2.15 billion, and the answering rate and intelligent diversion rate stayed ahead of peers. The Bank accelerated the construction of the "Digital Operation Center", established a billion-level customer contact platforms such as WeChat ecosystem, intelligent outbound calling, and outbound SMS, and created the most comprehensive media matrix in the industry, covering mainstream high-traffic platforms in the industry. The Bank improved the efficiency in building the "Business Empowerment Center", with more than 700 million intelligent outbound calling in the year. The scale of intelligent outbound calling was the largest and widest. The Bank actively promoted the upgrading of capabilities such as content production of new media, customer experience analysis, online risk prevention and control, and employee business support, in order to empower business development and brand promotion.

- Customer services were promoted in a coordinated manner for better quality. The Bank built an enterprise-level digital experience management platform to understand feedback from customers and employees, thus continuously improving the capability of digital management of customer experience. The Bank deepened the root cause management and online centralized handling of complaint issues, optimized product experience, strengthened the ability of remote customer service personnel to deal with complaints online, and improved customer service assessment. To solve customers' pressing difficulties and problems, the Bank carried out a mobile banking experience activity for all staff, and further refined process design focusing on key functions such as registration and login, account management, transfer and remittance, and facial recognition authentication, in an effort to improve customer experience.

- Initial progress has been achieved in the building of a digital operation system. The Bank created an integrated chain of understanding, acquiring and activating customers and transforming value online in the digital era, and built a digital customer contact matrix. Based on platforms such as personal mobile banking, corporate mobile banking, internet banking, and enterprise WeChat, the Bank capitalized on new digital tools to promote the acquisition, retention, activation, and prevention of loss of all customers in a layered manner throughout the lifecycle of customers. The Bank carried out intensive, online, and large-scale maintenance of long-tail customers, and deepened joint operation for key customer groups such as wealth, credit card, third-party payment, agency issuance, and inclusive small and micro customers, to support the appreciation of customers' financial assets, and make digital financial services accessible to more customers.

- The digital risk control capability of online platforms kept improving. The Bank strengthened the prevention and control of risks in online fraudulent transactions, established a tiered management system for e-banking customer limits, improved the accuracy of limit control for personal customers, and implemented dynamic management of corporate internet banking payment limits. The Bank improved the intelligent risk identification mechanism for online transactions, deepened the application of new device fingerprint technologies, and promoted the facial recognition function of enterprise internet banking, to effectively prevent the risks arising from online fraudulent transactions, and protect the security of customer funds. The Bank consolidated compliance risk management, achieved the collaborative control of personal customers with a high money laundering risk through online channels, improved APP personal information protection policies, and further strengthened the protection of customer information in the e-banking system.

Building a New Digital Openness Ecosystem and Fully Serving the Real Economy

- Serving the digital industry. The Bank innovated industry solutions for automobile production and sales, industrial chain platforms, and factor resource markets, catering to the needs for margin management in the trading market, integrated payment and settlement of production, supply and sales, and financing needs of upstream and downstream enterprises in the industrial chain. Serving digital livelihoods. The Bank deepened cooperation with leading online freight platforms and well-known life service platforms, to provide considerate services such as agency salary payment, inclusive loans, credit cards, medical insurance and social security, daily payment, and exclusive rights for new urban residents, including truck drivers, delivery men, and takeaway riders. Serving digital government. Keeping up with the pace of digital government construction, the Bank provided comprehensive financial service solutions for segmented scenarios, covering areas such as "All-in-One Code", "All-in-One Network", "Intelligent City", "Intelligent Politics and Law", and "Intelligent Culture and Tourism", to improve the digitalization and intelligence in government affairs. Serving digital education. Catering to the digital transformation needs of the education market, the Bank innovated the "Education Cloud" comprehensive ecological service solution, embedding financial services such as "collection, payment, reconciliation, and clearing" into campus registration, examination, accommodation, logistics and other academic and living scenarios. It strengthened education payment supervision, alleviated school reconciliation pressure, and enriched parental payment methods, serving over 31 thousand primary and middle schools and kindergartens, and covering over 12 million parental payment customers.

- Positive results have been achieved in the pilot promotion of e-CNY. The Bank promoted business innovation to achieve online payment of taxes in e-CNY, completed the first bulk commodity clearing in Shanghai Clearing House, and launched intelligent prepaid manager products in the prepaid consumption scenarios. It launched the supply chain financial service solutions based on e-CNY smart contracts, allowing merchants to make payments through one QR code. It continuously expanded the scale of e-CNY salary payment, and developed e-CNY SIM card hardware wallets and other products. The innovation of the pilot e-CNY application scenario in the securities industry won the first prize in the second Capital Financial Innovation Incentive Program. In 2023, the number of effective e-CNY personal wallets increased by 15.85 million; the number of corporate wallets increased by 1.34 million; and the number of e-CNY merchant stores increased by 2.71 million.

Outlet Building and Service Improvement

- The Bank took solid steps to promote the optimization of outlets. While strengthening the management of outlet access and maintaining overall stability, the Bank consolidated the scale competition advantage of outlets, increased the number of outlets in counties and towns, scientifically dissolved inefficient and dense outlets, and continuously optimized the layout and structure of outlets. In 2023, 670 outlets were reorganized, 52 new outlets were set up in key areas of cities with relatively insufficient service supply, and 57 new outlets started operations in county-level areas, covering 15 counties where there were no ICBC outlets previously. The coverage rate of county-level outlets increased to 86.9%. Outlet resources have been increasingly compatible with regional socio-economic resources. The Bank deepened the construction of low-carbon outlets and elderly service outlets, and decorated 1,045 outlets to ensure outlets are always beautiful and new. It continuously improved the hardware facilities and services of outlets. At the end of 2023, the Bank had 15,495 outlets, 21,023 self-service banks, 76,203 intelligent devices and 53,745 automatic teller machines ("ATMs"). The transaction volume of ATMs reached RMB4,587.0 billion in the year.

- The Bank advanced the construction of inclusive finance service points in rural areas in an orderly way. Focusing on rural Party building, government affairs, agricultural product production and marketing, the Bank explored ecological co-building with county and township-level governments, village committees, large leading enterprises, local enterprises, and self-employed businesses. It has set up 4,760 inclusive finance service points in rural areas, covering 1,523 counties across the country. In 2023, the Bank handled 3,323 thousand transactions for rural customers, and carried out 51 thousand activities to combat telecommunications fraud, cherish credit, protect consumers' rights and interests and disseminate basic financial knowledge, which served 1,347 thousand customers and effectively improved the capability of rural financial services.

- The Bank continuously improved the services of its outlets. It fully leveraged the scale advantage of physical channel resources, enhanced "ICBC Sharing Station+" public welfare services for the benefit of the people, and enriched the functions of such services. In 2023, it established 6,156 ecological outlets with the themes of "ICBC Sharing Station+" governance, life, wealth, public welfare, happiness, and inclusive finance, increasing the total number to more than 11 thousand. The Bank organized 15.5 thousand ICBC Sharing Stations to expand the supply of convenient services in an orderly manner, and serve key groups such as outdoor workers, students participating in senior high school and college entrance examinations, and the elderly. In 2023, a total of 95 thousand activities were carried out, including the Learn-from-Lei Feng voluntary service activity entitled "Voluntary Action with You in Warm Spring", the "Summer Care Trio" series of theme activities, and the "ICBC Aixiangban for Double Ninth Festival", benefiting more than 12 million people. A total of 20 outlets of the Bank were awarded "Top 100 Demonstration Units of the Chinese Banking Industry for Civilized and Standardized Services" by the China Banking Association, ranking first in the industry.

- The Bank expedited all-channel layout and promoted channel coordination. The Bank advanced the construction of a core service platform for digital finance, and established an intelligent, ubiquitous, and integrated channel system. It accelerated the construction of "ICBC Customer Services" official account, with more than 100 million followers. It upgraded the cloud outlets 2.0, and formed "online stores of outlets" and "cloud outlets of customers", with more than 1.2 billion visits annually. The Bank released the "Gong Xiao Zheng and Gong Xiao Cheng" digital employees, covering all online and offline channels such as mobile banking, remote banking and outlets, and serving 960 million customers in 2023. The Bank further promoted service collaboration among online platforms, physical outlets, remote customer service, and account managers, to achieve a consistent experience of "one-point access, all-channel response".

- Digital empowerment was deepened to open up new prospects in operation services. The Bank accelerated the reform of outlet operations. It comprehensively pushed forward the construction of full-journey customer services, and promoted online booking and identification and guidance services in stores throughout the bank. Scenario-based transformation and process reengineering were implemented for difficult business operations of outlets such as account opening and closure, foreign exchange remittance, and inheritance, to provide powerful tools to solve customers' pressing difficulties and problems. The Bank accelerated the empowerment of intelligent technology in business operations and the application of new technologies such as digital humans and big models in the field of operations. The first intelligent assistant for outlet employees based on big models was officially put into operation, to improve outlet efficiency. The annual volume of intelligent business processing in the field of operations reached 320 million, representing an increase of 14% over the previous year. Initial progress has been achieved in the digital transformation of cash operations. Over 200 outlets have introduced the centralized physical delivery service model for personal expense accounts, deposits and withdrawals and other scenarios on a trial basis. Online booking services for local and foreign currency banknotes and small changes were promoted throughout the Bank. The Bank also comprehensively promoted a new task-driven treasury operation model. The functions and scenarios of self-service channels constantly expanded. The Bank promoted bank-government interconnection services such as electronic social security, tax and fee payment, smart medical insurance, credit report, and e-CNY at the smart ATMs of outlets. It created the "government service halls" by the side of customers. It accelerated the upgrading of elderly services at the intelligent terminal, launched the function of automatically shifting to large font interface for the elderly customers, and placed the high-frequency usage function of elderly customers on the homepage, so as to significantly reduce the threshold for elderly customers to use self-service devices.

- The Bank took solid steps to provide sound financial services for the FISU World University Games and the Asian Games. As the exclusive official banking partner for the 31st Chengdu FISU World University Games and the 19th Asian Games Hangzhou, the Bank successfully completed the cash exchange, foreign bank card acceptance and e-CNY services during the two international events by launching universal outlets, mobile banking vehicles, new currency exchange machines, exclusive customer service hotlines, mobile banking column, exclusive APP financial service column, and other multi-level and three-dimensional online and offline service channels. There were no errors, complaints, or public opinions about the Bank during the events.

Human Resources Management, Employees and Institutions

Human Resources Management

- With the focus on high-quality development of operations, centering on key areas of business development and competition, the Bank assigned more human resources to strategic areas and improved operating capability by enhancing the quality and efficiency of human resources. Focusing on key areas such as sci-tech innovation, green development, emerging business, inclusive finance, and digital transformation, the Bank continued to propel the building of marketing, credit, technology, and data teams, improved talent cultivation, introduction, motivation, and utilization, and strove to build a high-level financial team that meets the requirements of building a financial robust country. The Bank expedited the empowerment of sci-tech data, refined organizational functions, and improved the development mechanism for frontline employees to stimulate talent vitality.
- The Bank carried forward the excellent traditional culture of China, adhered to honesty and trustworthiness, profit from righteousness, prudence, integrity and innovation, and compliance with laws, and continuously enriched and improved the corporate culture of ICBC in the new period. The Bank carried out rich and diverse cultural activities, and launched 80 cultural model units to promote exchange and mutual learning of corporate culture. To reinforce probity culture construction in the new era, the Bank established probity culture research center, advanced the construction of education base for probity culture, and produced a series of warning and educational films to learn lessons from cases, and further deepen the comprehensive and strict governance of the Party. The Bank established the first innovative cultural education base in the financial industry, and developed it into an important platform for transmission of innovation culture, so as to stimulate innovation and creativity throughout the Bank. Its corporate culture cultivation was awarded "10-year Typical Experience of Corporate Culture in the New Era" by China Research Institute of Enterprise Culture, improving ICBC's cultural influence.
- Focusing on building a learning organization and a learning bank, ICBC strove to implement a number of high-quality training programs, to effectively facilitate training at all levels and continuously enhance the comprehensive quality and performance capability of cadres and employees. For management personnel, the Bank implemented training programs such as "ICBC Leadership" training for heads of domestic institutions, training for heads of overseas institutions, capability improving program for heads in charge of credit division, capabilities improving program for newly appointed heads in charge of personal financial services, and operating capabilities improving program for heads of tier-two branches, to strengthen their strategic thinking and management competence. For professionals, the Bank implemented programs such as ICBC Modern Finance Lecture, "D-ICBC" training, "Sword Sharpening Program" for discipline inspection line, and training for organization heads from institutions directly managed by the Head Office, to improve their professional and business capabilities. For front-line employees, the Bank implemented the rotating training program for outlet heads, "iron triangle"[1] training for "GBC+" outlets to continuously improve the competence and services of outlet staff. Focusing on the growth of talents, the Bank implemented a series of programs including Training for Young and Middle-aged Cadres, Training for International Talents Training, Training for Expatriate and Reserve Talents, Training for New Employees and Management Trainees, and Training for New Employee Mentor, building a full-chain, and systematic training system.

1 "Iron triangle" refers to corporate customer managers of sub-branches, outlet heads and account managers of outlets.

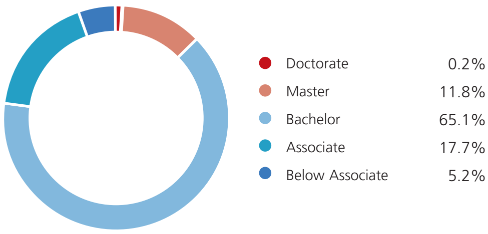
Remuneration Policy

- The Bank adopted a remuneration policy that is in line with corporate governance requirements, in combination with high-quality development targets, in adaptation to the risk management system and talent development strategy, and well-matched with employees' value contribution, so as to advance the sound operation and high-quality development of the whole bank. The Bank's remuneration management policy was formulated and adjusted in strict accordance with applicable national regulations, regulatory requirements and corporate governance procedures. The Bank continuously optimized the remuneration resource allocation mechanism with value creation as the core, resolutely maintained a fair allocation concept of incentives commensurate with restraints, transmitted the Group's strategic objectives for business management, and allocated more remuneration resources to the grassroots employees, for the purpose of mobilizing and inspiring the business vitality of institutions at all tiers.
- The Bank's employee remuneration consisted of basic remuneration, performance-based remuneration and welfare income. In particular, the basic remuneration depended on an employee's value contribution and ability to perform duties, and the performance-based remuneration was based on the overall situation of the Bank, the employee's institution or department, and the employee's personal performance measurement results. Meanwhile, the performance-based remuneration to the Senior Management and employees in positions that have a significant influence on risks was subject to a deferred payment and recourse deduction mechanism, so as to balance risks and incentives. For employees who violated regulations and disciplines or had abnormal exposure to risk losses within their duties, their performance-based remuneration for the corresponding period shall be deducted, withheld and recovered according to the severity of the violation. During the reporting period, according to relevant measures, the Bank deducted, withheld or recovered payment of corresponding performance-based remuneration to employees who were subject to disciplinary action or other treatment due to violation of regulations and disciplines or abnormal exposure of risk losses within their duties.
- The Bank's 2023 remuneration plan was prepared and implemented as per the internal decision-making process. The execution of total annual salaries was reported to the authority for filing according to national regulations. During the reporting period, the Bank's Senior Management fulfilled the indicators concerning economic, risk and social responsibilities well, and the final results will be determined after deliberation by the Board of Directors.

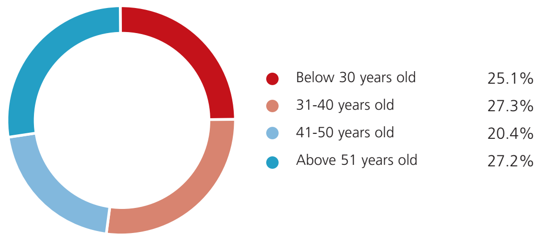
Basic Information on Employees and Institutions

- As at the end of 2023, the Bank had a total of 419,252 employees, including 7,210 employees in major domestic subsidiaries, and 15,767 in overseas institutions. The Bank's employee gender ratio remained generally balanced and there was no significant change from the end of last year. In the future, the Bank will continue to pay attention to the employee gender structure, strengthen tracking and monitoring in areas such as personnel exit and recruitment, and take effective measures to maintain a balanced and stable gender ratio.

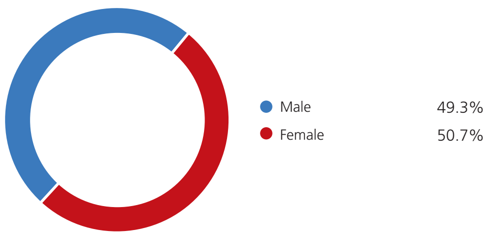
Structure of employee educational background



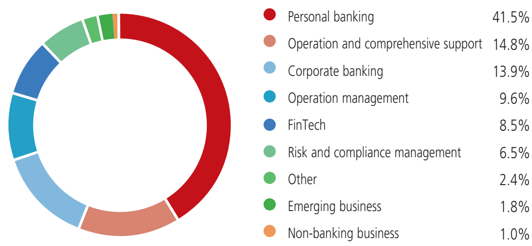
Structure of employee age



Structure of employee gender



Structure of employee specialization



- As at the end of 2023, the Bank had a total of 16,297 institutions, representing a decrease of 159 as compared with the end of the previous year. Among them, there were 15,884 domestic institutions and 413 overseas ones. Domestic institutions included the Head Office, 36 tier-one branches and branches directly managed by the Head Office, 459 branches in capital cities and tier-two branches, 15,227 outlets, 27 institutions directly managed by the Head Office and their branches, and 134 major subsidiaries and their branches.

GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES AT THE END OF 2023

Item	Assets (in RMB millions)	% of total assets	Number of institutions	% of total institutions	Number of employees	% of total employees
Head Office	8,502,997	19.0	28	0.2	21,294	5.1
Yangtze River Delta	10,215,437	22.9	2,513	15.4	60,802	14.5
Pearl River Delta	6,993,931	15.6	1,966	12.1	47,503	11.3
Bohai Rim	6,680,826	14.9	2,655	16.3	65,433	15.6
Central China	4,946,259	11.1	3,402	20.9	78,004	18.6
Western China	5,743,425	12.8	3,586	22.0	84,745	20.2
Northeastern China	1,597,213	3.6	1,600	9.8	38,494	9.2
Overseas and other	4,255,879	9.5	547	3.3	22,977	5.5
Eliminated and unallocated assets	(4,238,888)	(9.4)				
Total	**44,697,079**	**100.0**	**16,297**	**100.0**	**419,252**	**100.0**

Note: Overseas and other assets include investments in associates and joint ventures.

International Operation

Taking the "international vision for global operation" principle, the Bank has made constant efforts to improve its operation system both in and outside China, integrating local and international currencies. Leveraging on its global operation edge, the Bank has been constantly sharpening cross-border financial services, with a view to supporting high-quality implementation of the Belt and Road and China's high-level opening-up.

- The strategy of becoming the "Preferred Bank for Foreign Exchange Business" was implemented in depth. The Bank deeply served the construction of a strong trading power, continuously stepped up with the "Chunrong Action" to strengthen support to key export companies and foreign-funded enterprises, and continuously upgraded its financial services in international settlement and trade finance via the "single window" platform. It continuously solidified the foundation for high-quality development of foreign exchange business, promoted the construction of grassroots flagship institutions for foreign exchange business, enhanced flexible support for grassroots foreign exchange business, and comprehensively improved compliance management of foreign exchange risk control.
- RMB internationalization was promoted in a steady and prudent way. The Bank deeply carried out "Chunxu Action" to provide pro-active solutions for global market players in cross-border RMB businesses such as cross-border settlement, investment and financing as well as risk management. With the designation as the official RMB clearing bank in Brazil, the Bank has been authorized as the official RMB clearer in 11 countries. The Bank pushed forward the account system building supporting separate accounting units in Free Trade Zones, established China-Indonesia Cross-border RMB Service Center" in Fujian, and actively supported the innovative development of cross-border RMB business in Shanghai Lingang Special Area, Guangdong-Hong Kong-Macao Greater Bay Area and Hainan Free Trade Port. The Bank facilitated the execution of the country's first-ever LNG import transaction settled in cross-border RMB. It provided innovative services for multinational companies in trade settlement and treasury management, facilitating FDI investment and utilization. Cross-border RMB business application scenarios were built to support the development of micro, small and medium-sized enterprises. In 2023, cross-border RMB business reached RMB9.24 trillion.
- International cooperation was enhanced continuously. As the chair of the BRICS Business Council Chinese Chapter, the Bank lived up to its responsibilities and effectively served the multilateral cooperation among BRICS countries. The Bank has been facilitating the upgrading of China-Europe economic and trade relations relying on China-Europe Business Council ("CEBC"). The Bank strengthened the Belt and Road Bankers Roundtable ("BRBR") mechanism to promote high-quality development of the Belt and Road. A number of achievements have been included in the official achievement list of the third "Belt and Road" Forum for International Cooperation. The Bank actively served international exhibitions, including China International Import Expo, China Import and Export Fair and China International Fair for Trade in Services, to facilitate high-standard opening up.
- Global network was further optimized. The Jeddah Branch officially started business operations in Saudi Arabia. As at the end of 2023, the Bank had been operating 413 overseas institutions in 49 countries and regions, coupled with indirect coverage of 20 African countries as a shareholder of the Standard Bank Group. In total, it had 259 institutions in 30 countries that have participated in the Belt and Road initiative. The Bank also entered into business relationships with 1,445 foreign banks in 143 countries and regions. Its service network has full coverage of six continents and key international financial centers around the world.
- Stable yet improving performance by overseas institutions amidst a complicated international environment. The Bank continuously enhanced global financial servicing capabilities in corporate & investment banking, global cash management, retail banking, internet finance, project financing, financial markets, asset management, and asset custody among others. The Bank established a global financial service system for personal customers to improve cross-border servicing capacity, which supports business scenarios in "ICBC Global Pay" and brazes the "YES ICBC" service brand.

MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
	At the end of 2023	At the end of 2022	2023	2022	At the end of 2023	At the end of 2022
Hong Kong SAR and Macau SAR	201,941	213,726	551	1,050	95	97
Asia-Pacific Region (except Hong Kong SAR and Macau SAR)	136,959	135,854	1,522	1,289	90	91
Europe	87,215	85,048	786	871	74	74
America	41,367	60,335	386	328	153	153
African Representative Office	–	–	–	–	1	1
Eliminations	(50,847)	(50,786)				
Subtotal	**416,635**	**444,177**	**3,245**	**3,538**	**413**	**416**
Investment in Standard Bank(1)	3,573	3,722	454	397		
Total	**420,208**	**447,899**	**3,699**	**3,935**	**413**	**416**

Note: (1) The assets represent the balance of the Bank's investment in Standard Bank and the profit before taxation represents the Bank's gain on investment recognized by the Bank during the reporting period.

- As at the end of 2023, total assets of the Bank's overseas institutions (including overseas branches, overseas subsidiaries and investment in Standard Bank) were USD420,208 million, representing 6.7% of the Group's total assets. Specifically, total loans amounted to USD180,356 million, and due to customers was USD151,895 million. Profit before taxation during the period was USD3,699 million, accounting for 6.2% of the Group's profit before taxation.

DISTRIBUTION OF OVERSEAS INSTITUTIONS

Hong Kong SAR and Macau SAR

Institutions (country/region)

Hong Kong Branch (Hong Kong, China)
ICBC (Asia) (Hong Kong, China)
ICBC International (Hong Kong, China)
ICBC (Macau) (Macau, China)
Macau Branch (Macau, China)

Asia-Pacific Region (except Hong Kong SAR and Macau SAR)

Institutions (country/region)

Tokyo Branch (Japan)
Seoul Branch (South Korea)
Busan Branch (South Korea)
Mongolia Representative Office (Mongolia)
Singapore Branch (Singapore)
ICBC (Indonesia) (Indonesia)
ICBC (Malaysia) (Malaysia)
Manila Branch (Philippines)
ICBC (Thai) (Thailand)
Hanoi Branch (Vietnam)
Ho Chi Minh City Representative Office (Vietnam)
Vientiane Branch (Lao PDR)
Phnom Penh Branch (Cambodia)
Yangon Branch (Myanmar)
ICBC (Almaty) (Kazakhstan)
Karachi Branch (Pakistan)
Mumbai Branch (India)
Dubai (DIFC) Branch (UAE)
Abu Dhabi Branch (UAE)
Doha Branch (Qatar)
Riyadh Branch (Saudi Arabia)
Kuwait Branch (Kuwait)
Sydney Branch (Australia)
ICBC (New Zealand) (New Zealand)
Auckland Branch (New Zealand)

Europe

Institutions (country/region)

Frankfurt Branch (Germany)
Luxembourg Branch (Luxembourg)
ICBC (Europe) (Luxembourg)
- Paris Branch (France)
- Amsterdam Branch (the Netherlands)
- Brussels Branch (Belgium)
- Milan Branch (Italy)
- Madrid Branch (Spain)
- Warsaw Branch (Poland)
- Greece Representative Office (Greece)

ICBC (London) (UK)
London Branch (UK)
ICBC Standard Bank (UK)
Bank ICBC (JSC) (Russia)
ICBC Turkey (Turkey)
Prague Branch (Czech Republic)
Zurich Branch (Switzerland)
ICBC (Austria) (Austria)

America

Institutions (country/region)

New York Branch (USA)
ICBC (USA) (USA)
ICBCFS (USA)
ICBC (Canada) (Canada)
ICBC (Mexico) (Mexico)
ICBC (Brasil) (Brazil)
ICBC (Peru) (Peru)
ICBC (Argentina) (Argentina)
ICBC Investments Argentina (Argentina)
Inversora Diagonal (Argentina)
Panama Branch (Panama)

Africa

Institutions (country/region)

Investments in Standard Bank (South Africa)
African Representative Office (South Africa)

Comprehensive Operation and Subsidiary Management

The Bank remained committed to serving national strategies and the real economy, focused on main business, refined specialized business, and formed a multi-field integrated development layout covering fund, leasing, insurance, debt-for-equity swap, wealth management, FinTech, overseas investment banking, etc. Total market financial service capability further improved.

The Bank continued to refine the Group's integrated governance system, strengthened the management mechanism featuring "leading coordination and focusing on lines", and consolidated and improved the Group headquarters' integrated governance capability. The Bank continuously optimized the integrated subsidiary governance model with Party building, corporate governance and equity management at its core, promoted synergy between the integration strategy and the internationalization strategy in a coordinated manner, and further refined the Group control and coordination mechanism. The Bank also optimized the subsidiary governance mechanism, strengthened the efficiency of the role of full-time and part-time directors, and promoted deep integration of Party building and corporate governance of domestic subsidiaries. Meanwhile, the Bank optimized the strategic evaluation mechanism and promoted deep and accurate transmission of the Group's strategy to subsidiaries. The Bank strengthened capital management, promoted IT building, data governance and digital transformation, and further improved the influence of subsidiaries in their industries as well as their core competitiveness and customer service capabilities.

Based on the risk management route of "active prevention, smart control and comprehensive management", the Bank implemented requirements of the "Five-pronged Risk Management Approach" in depth, and refined the Group-wide risk management system that can cover the risk characteristics of integrated subsidiaries. The Bank intensified penetrating management and monitoring of subsidiaries and strengthened systematic, standardized and intelligent management of equity investment information. Meanwhile, the Bank stepped up efforts in the building of the three lines of defense of subsidiaries, improved risk prevention & control and internal control and compliance capabilities, and pursued high-quality development.

ICBC Credit Suisse Asset Management

ICBC Credit Suisse Asset Management is mainly engaged in fund raising, fund sales, asset management and other businesses approved by CSRC. It had many business qualifications such as mutual fund, QDII, enterprise annuity, specific asset management, domestic (foreign) investment manager of social security fund, RQFII, insurance fund management, special asset management, occupational annuity, basic endowment insurance investment manager and mutual fund investment advisor, and was one of the "fully qualified" fund companies in the industry.

- ✧ In response to multiple challenges such as fluctuations in the capital market and the introduction of new regulations on fund fee reductions, ICBC Credit Suisse Asset Management strictly controlled various risks, enhanced investment and research professionalism, and strengthened intra-group collaboration, to maintain stable business development on the whole. ICBC Credit Suisse Asset Management accelerated the development of social security fund, annuities, personal pension and other pillar III pension investment management business, and constantly and steadily expanded its scale. ICBC Credit Suisse Asset Management improved customer service system and quality, and enhanced post-investment companionship. ICBC Credit Suisse Asset Management strengthened investor protection, and continuously promoted investor education, which was evaluated as excellent for five consecutive years in the assessment of the national securities and futures investor education base.
- ✧ At the end of 2023, ICBC Credit Suisse Asset Management managed 247 mutual funds, and 590 annuities, separately managed accounts and special portfolios, with assets totaling RMB1.72 trillion.

ICBC Leasing

ICBC Leasing is mainly engaged in the financial leasing of large-scale equipment in key areas such as aviation, shipping, energy and power, rail transit, equipment manufacturing and areas requiring SRDI. It provides a range of financial and industrial services such as the transfer of leasing assets, asset trading and asset management.

- ✧ The aviation business segment achieved new results in supporting the high-quality development of domestic air transportation and aircraft manufacturing industries through innovation and collaboration. ICBC Leasing continuously expanded cooperation with high-quality domestic airlines to cement the foundation of the civil aviation industry. It released the ARJ21 Aircraft Value White Paper in conjunction with COMAC and Civil Aviation University of China, to enhance the brand influence of "YES ICBC" through active marketing and promotion abroad. The Bank successfully launched the Airbus full lifecycle management project through innovation and collaboration across business segments. Positive results have been achieved in the innovation of the leasing business in the aviation industry chain and aircraft engines.

- In terms of maritime business, ICBC Leasing supported domestic shipping and shipbuilding industries in making new breakthroughs. ICBC Leasing supported the building of China's first modern transoceanic communication optical cable laying ship, and steadily promoted the reserve and implementation of innovative marine economic projects such as marine fisheries, cultural tourism, oil and gas, and green energy projects.
- Domestic comprehensive leasing business was carried out focusing on key areas of the real economy, such as manufacturing, strategic emerging industries, SRDI, green, private enterprises, inclusive, and agriculture. The first distributed photovoltaic project was launched to provide targeted support for small and medium-sized SRDI enterprises. ICBC Leasing actively explored a host of high-quality leading potential customers in professional machinery and equipment industries, such as engineering machinery and agricultural machinery. ICBC Leasing supported rural public infrastructure construction through the Qingdao fishery and photovoltaic complementary project, making helpful explorations in supporting rural revitalization with financial leasing.

ICBC-AXA

ICBC-AXA operates various insurance businesses such as life insurance, health insurance and accident insurance, as well as reinsurance of the aforesaid businesses, businesses permitted by national laws and regulations to use insurance funds and other businesses approved by regulatory authorities.

- ICBC-AXA persisted in leveraging the strengths of insurance to satisfy the needs of the people in light of the Group's strategy. It supported the construction of a multi-level security system, vigorously developed commercial health and pension insurance business, actively participated in the pillar III personal pension account business and inclusive medical projects, explored and enriched the security plans for special groups such as new citizens, and practiced the philosophy of insurance for the people. ICBC-AXA continued to promote digital transformation and improve customers' full-journey experience.
- It intensified the supply of diversified products in line with regulatory policies and market changes. Two personal pension insurance products have been put on the market in the first batch, which are available throughout all channels. ICBC-AXA also enriched the product content and open channels of auxiliary product lines such as accident insurance, medical insurance, and group insurance. ICBC-AXA actively participated in inclusive security, and joined the construction of the "Insurance Code" platform of the Shanghai Insurance Exchange. It undertook the first inclusive accident insurance product co-insurance project of the "Insurance Code", and launched multiple exclusive products, such as accident insurance and medical insurance.
- To improve customer experience, ICBC-AXA steadily expanded health and elderly care service and improved its efficiency. It innovated the coordinated mode of elderly care institutions, reserved high-quality elderly service resources, and collaborated with six institutions to complete institutional care services. ICBC-AXA continued to iterate and upgrade the value-added services of critical illness and medical insurance products, and expanded and reinforced the coverage of inclusive insurance, benefiting about 400 thousand people, with a cumulative insurance amount of approximately RMB1.38 trillion.
- ICBC-AXA was awarded the "Ark Award for Insurance Services for Health and Elderly Care" by the *Securities Times*, the "Best Insurance Institution for the People" by the yicai.com and the "Golden Dragon Award — Best Life Insurance Subsidiary of Banks of the Year" by the *Financial News* (China).

ICBC International

ICBC International is a wholly owned subsidiary of the Bank in Hong Kong SAR, China. It is mainly engaged in sponsorship and underwriting for listing, underwriting for bond issuance, financial consulting, direct investment, sales and trading, asset management, market research, etc. and provides all-round cross-border comprehensive financial services for corporate and personal customers.

- ICBC International continued to refine the development layout of corporate financing, investment, sales and trading, asset management, and market research. Focusing on the financing needs of high-quality enterprises in key industries, ICBC International assisted customers in strategic emerging industries to go public in Hong Kong. The scale of green bond underwriting hit a new high, and the stock and bond underwriting business was among the first echelon in the market. ICBC International steadily enhanced its planning capability for investment and financing in key areas such as rural revitalization, green and low-carbon development, healthcare and medicine, advanced manufacturing, and sci-tech innovation. ICBC International actively promoted innovation in product sales and trading as well as customer development, continuously refined and restructured asset management business, and strove to build an investment banking research brand with market influence.

ICBC Investment

ICBC Investment is one of the first pilot institutions in China to conduct debt-for-equity swaps of banks. It holds the franchise license of non-bank financial institution and is mainly engaged in debt-for-equity swaps and supporting businesses.

- By giving full play to its debt-for-equity swap license and professional advantage in this field and focusing on serving the real economy and preventing and defusing financial risks, ICBC Investment strengthened the bank-corporate cooperation and the investment-loan coordination, improved integrated financial services that combine equity and debt, enriched the varieties of debt-for-equity investment plans and private equity fund products, and made steady progress in the quality development of market-based debt-for-equity swap projects. Meanwhile, ICBC Investment greatly supported enterprises in their de-leveraging, leverage stabilizing, strength gaining, and reform promoting. It continuously enhanced the ability and effectiveness of risky asset disposal across the Group, played an active role in the formulation of corporate debt restructuring, debt-for-equity swap plans and reorganization plans, standardized corporate governance and production & operation, helped enterprises tide over difficulties through reform and continuously improved the asset quality of banks. Further playing its role as a shareholder, ICBC Investment dispatched directors and supervisors to the debt-for-equity swap enterprises and got deeply involved in the corporate governance of such enterprises, and promoted the healthy and sustainable development of enterprises.

ICBC Wealth Management

ICBC Wealth Management engages mainly in the issuance of wealth management products, wealth management advisory and consulting services as well as other activities approved by NFRA.

- Leveraging professional investment advantages to improve the quality and efficiency of the real economy. ICBC Wealth Management continuously strengthened the capabilities of major assets allocation and diversified strategic investment, deepened investment-research linkage, and explored high-quality assets. It increased investment in sci-tech innovation, advanced manufacturing, green and low-carbon development as well as key regions, and kept raising the funding for modern industry system and its proportion. It was awarded "Best Asset Management Organization for Responsible Investment" by finance.sina.com and the "Top 50 ESG Practices – Responsible Wealth Management Subsidiary" by *The Economic Observer*.
- Integrating into the overall wealth management landscape and enhancing customer service capabilities. ICBC Wealth Management developed the customer service system of "comprehensive response through one-point access" and the "Cai Ming Bai" customer companionship brand, launched online columns such as "product translator", "concept research society" and "market express", and conducted offline activities like "walking tens of thousands of miles to hold one thousand activities in 100 cities" and other series of activities. By visiting rural areas, universities and communities, it delivered financial knowledge to customers, and saw a rapid growth in the number of key inclusive customers, including new citizens, customers in rural areas and self-employed businesses. It was awarded the "Best Wealth Management Subsidiary of Banks for Investment Education Brand of the Year" by the *Financial News* (China) and the "Excellent Investment Education Companionship Case" by JRJ.com.
- Enriching wealth management product shelves to provide diversified investment options. Deeply grasping the wealth preservation and appreciation needs of residents, ICBC Wealth Management released a new product system of "Wen Xin Zhi Yuan", increasing the proportion of low-risk products with stable performance, small draw-down and good experience. It launched innovative products with the themes of the Belt and Road, rural revitalization, and the Great Bay Area, and took the lead in the industry to roll out the first batch of personal pension products. It won the "People's Craftsmanship Brand Award" conferred by people.cn, and the "Golden Bull Award – Wealth Management Subsidiary of Banks" conferred by *China Securities Journal*.
- At the end of 2023, the balance of ICBC Wealth Management products reached RMB1,607,477 million, all of which were net-worth products.

WEALTH MANAGEMENT PRODUCTS OF ICBC WEALTH MANAGEMENT THAT WERE ISSUED, MATURED, AND EXISTED DURING THE REPORTING PERIOD

In RMB millions, except for tranches and percentages

Item		At 31 December 2022		Products issued		Matured products		At 31 December 2023		
		Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Percentage (%)
Classified by fundraising method	Publicly offered	1,190	1,707,212	430	261,980	609	317,053	1,011	1,552,597	96.6
	Privately offered	173	55,076	107	38,036	90	39,618	190	54,880	3.4
Classified by investment type	Fixed-income	927	1,630,751	537	300,016	558	321,334	906	1,552,905	96.6
	Equity	57	6,237	–	–	4	509	53	5,578	0.3
	Hybrid	379	125,300	–	–	137	34,828	242	48,994	3.1
Total		**1,363**	**1,762,288**	**537**	**300,016**	**699**	**356,671**	**1,201**	**1,607,477**	**100.0**

DIRECT AND INDIRECT INVESTMENTS OF ICBC WEALTH MANAGEMENT IN WEALTH MANAGEMENT PRODUCTS AS AT THE END OF 2023

In RMB millions, except for percentages

Asset type	Amount	Percentage (%)
Cash, deposits and reverse repurchase agreements	728,853	42.4
Bonds	857,583	49.9
Non-standard debt assets	52,452	3.1
Other assets	79,527	4.6
Total	**1,718,415**	**100.0**

Major Controlled Subsidiaries and Equity Participating Company

Major Overseas Subsidiaries

		At 31 December 2023			2023
Institution	Principal business	Issued share capital/ paid-in capital	Total assets (in USD millions)	Net assets (in USD millions)	Net profit (in USD millions)
Industrial and Commercial Bank of China (Asia) Limited	Commercial banking	HKD44,188 million	117,271.56	19,174.54	825.26
ICBC International Holdings Limited	Investment banking	HKD5,963 million	7,209.00	925.89	(484.27)
Industrial and Commercial Bank of China (Macau) Limited	Commercial banking	MOP589 million	46,051.23	3,829.93	7.59
PT. Bank ICBC Indonesia	Commercial banking	IDR3.71 trillion	2,931.31	438.87	20.51
Industrial and Commercial Bank of China (Malaysia) Berhad	Commercial banking	MYR833 million	1,075.70	300.14	14.78
Industrial and Commercial Bank of China (Thai) Public Company Limited	Commercial banking	THB20,107 million	7,956.60	1,255.53	90.52
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	Commercial banking	KZT8,933 million	767.03	144.50	36.60
Industrial and Commercial Bank of China (New Zealand) Limited	Commercial banking	NZD234 million	1,496.98	200.83	11.93
Industrial and Commercial Bank of China (Europe) S.A.	Commercial banking	EUR437 million	5,693.51	540.70	(54.87)
ICBC (London) PLC	Commercial banking	USD200 million	1,514.15	501.62	26.24
ICBC Standard Bank PLC	Banking	USD1,083 million	23,187.95	1,869.45	185.60
Bank ICBC (joint stock company)	Commercial banking	RUB10,810 million	4,238.62	526.36	237.14
ICBC Turkey Bank Anonim Şirketi	Commercial banking	TRY8,845 million	3,411.74	172.67	(17.95)
ICBC Austria Bank GmbH	Commercial banking	EUR200 million	1,435.51	219.27	4.94
Industrial and Commercial Bank of China (USA) NA	Commercial banking	USD369 million	2,956.72	446.71	23.24
Industrial and Commercial Bank of China Financial Services LLC	Securities clearing, securities margin trading	USD50 million	4,629.73	22.92	(51.04)
Industrial and Commercial Bank of China (Canada)	Commercial banking	CAD208 million	2,327.21	336.77	33.56
Industrial and Commercial Bank of China Mexico S.A.	Commercial banking	MXN1,597 million	486.08	50.83	1.73
Industrial and Commercial Bank of China (Brasil) S.A.	Commercial banking	BRL202 million	389.57	40.35	2.11
ICBC PERU BANK	Commercial banking	USD120 million	628.44	134.90	13.81
Industrial and Commercial Bank of China (Argentina) S.A.	Commercial banking	ARS171,933 million	4,809.13	880.89	126.59

Major Domestic Subsidiaries

In RMB100 millions

Institution	Principal business	At 31 December 2023 Issued share capital/ paid-in capital	Total assets	Net assets	2023 Net profit
ICBC Credit Suisse Asset Management Co., Ltd.	Fund management	2	228.06	187.32	19.42
ICBC Financial Leasing Co., Ltd.	Leasing	180	2,783.81	429.40	7.59
ICBC-AXA Assurance Co., Ltd.	Insurance	125.05	3,179.89	162.62	7.03
ICBC Financial Asset Investment Co., Ltd.	Financial asset investment	270	1,786.25	475.22	44.73
ICBC Wealth Management Co., Ltd.	Wealth management	160	205.14	202.57	13.25

Major Equity Participating Company

Standard Bank Group Limited

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. The Bank continued to hold 324,963,464 shares or 19.39% of Standard Bank and to be its single largest shareholder. Based on mutual benefit and win-win cooperation, the two sides furthered their cooperation in equity cooperation, customer expansion, project financing, product innovation, risk management, FinTech and staff exchange, etc. As at the end of 2023, Standard Bank recorded total assets of ZAR3,065,745 million and net assets of ZAR276,920 million. It generated a net profit of ZAR50,303 million in the year.

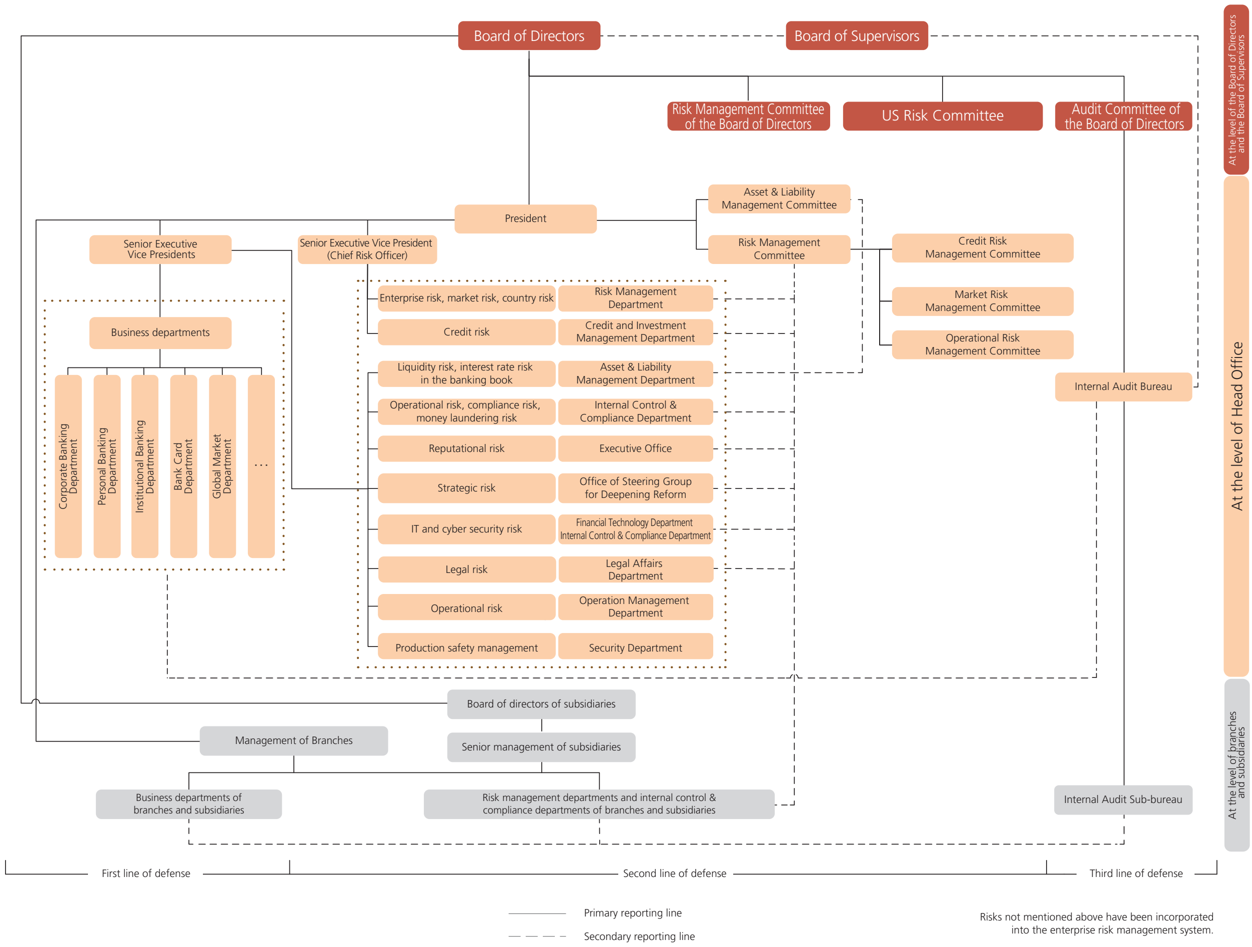
RISK MANAGEMENT

Enterprise Risk Management System

Enterprise risk management is a process to effectively identify, assess, measure, monitor, control or mitigate and report risks in order to ensure the realization of the Group's operating and strategic objectives by setting up an effective and balanced risk governance structure, fostering robust and prudent risk culture, formulating unified risk management strategies and risk appetite, and implementing the risk limit and risk management policies. The principles of enterprise risk management of the Bank include full coverage, matching, independence, perspectiveness and effectiveness, etc.

In 2023, the Bank adhered to the principle of "laying a sound foundation for risk control", and deeply applied the "Five-pronged Risk Management Approach" to the iterative upgrade and implementation of the enterprise risk management system. The Bank strengthened the top-level design for risk management, ameliorated the rules for enterprise risk management and other systems, and established and improved the risk officer management mechanism. The Bank consolidated the responsibilities of the three defense lines for risk management, and enhanced the effectiveness of enterprise risk management. The Bank conducted a comprehensive inspection of various potential risks, and continuously improved the capability of overseas institutions and subsidiaries in risk data penetration management, to reflect the overall picture of the Group's risks in a sufficient and dynamic manner. The Bank intensified risk prevention and control throughout the whole process of digitalization, and sped up the building of an enterprise-level intelligent risk control platform. The Bank strengthened risk prevention and control in emerging fields, intensified the risk management of cooperation institutions in investment and financing business, and well conducted the risk management of products throughout their whole lifecycle.

The Bank's organizational structure of risk management comprises the Board of Directors and its special committees, the Board of Supervisors, the Senior Management and its special committees, the risk management departments, the internal audit departments, etc. The risk management organizational structure of the Bank is illustrated below:



Credit Risk

Credit Risk Management

Credit risk is the risk where loss is caused to the banking business when the borrower or counterparty fails to meet its contractual obligations. The Bank's credit risks mainly originate from loans, treasury operations (including deposits with banks and other financial institutions, placements with banks and other financial institutions, reverse repurchase agreements, corporate bonds and financial bonds investment), receivables and off-balance sheet credit business (including guarantees, commitments and financial derivatives trading).

The Bank strictly adheres to regulatory requirements regarding credit risk management, diligently fulfills established strategies and objectives under the leadership of the Board of Directors and the Senior Management, and implements an independent, centralized and vertical credit risk management mode. The Board of Directors assumes the ultimate responsibility for the effectiveness of credit risk management. The Senior Management is responsible for executing the strategies, overall policy and system regarding credit risk management approved by the Board of Directors. The Credit Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of credit risk management, is responsible for reviewing material and important affairs of credit risk management, and performs its duty in accordance with the Charters of the Credit Risk Management Committee. The credit and investment management departments at different levels undertake the responsibility of coordinating credit risk management at respective levels, and the business departments implement credit risk management policies and standards for their respective business areas in accordance with their functions.

According to the regulatory requirement on loan risk classification, the Bank implemented five-category classification management in relation to loan quality and classified loans into five categories: pass, special mention, substandard, doubtful and loss, based on the possibility of collecting the principal and interest of loans. In order to implement sophisticated management of credit asset quality and improve risk management, the Bank implemented the twelve-category internal classification system for corporate loans. The Bank applied five-category classification management to personal credit assets and ascertained the category of the loans based on the number of months in default, expected loss ratio, credit rating, collateral and other quantitative and qualitative factors.

The Bank continued to ameliorate investment and financing operation mechanisms. At the entrance end, the Bank improved customer access management. At the threshold end, the Bank restructured duration management system from perspectives of portfolio and concentration. At the exit end, the Bank highlighted the governance of compliance risks in the disposal of non-performing assets. It comprehensively empowered the construction of the intelligent credit risk control system "Three Gates, Seven-color Pools". The Bank deepened the management of basic rules on credit risk, refined the management framework of financial asset risk classification, continuously advanced the building of the unified investment and financing risk limit management system for integrated subsidiaries, and specified the risk management requirements for off-balance sheet business. The Bank continued to deepen the special governance of integrity risks arising from credit areas, and adhered to the comprehensive and integrated remediation of credits, covering various investment and financing business.

The Bank accurately grasped the layout and direction of investment and financing business and strengthened credit risk management. In terms of corporate credit business, the Bank continued to give more support for such areas as strategic emerging industries, sci-tech innovation, digital economy and intelligent manufacturing; the Bank actively bolstered major projects under construction and projects making up for deficiencies in the "14th Five-Year Plan"; the Bank actively supported the urban-rural collaborative development, focusing on areas such as urban-rural integration, key county-level infrastructure, agriculture-related industry chains, and agricultural modernization; the Bank deeply explored and cultivated green credit market, and boosted the development of various green investment and financing business such as green loans, green bonds, green wealth management and green leasing in an all-round way; it also kept improving differentiated region credit policies with the focus on the coordinated development strategies for the regions, including Beijing-Tianjin-Hebei, Greater Bay Area, Yangtze River Delta and Chengdu-Chongqing Economic Circle. In terms of personal credit business, the Bank strictly controlled the "entrance end" of loans and standardized personal loan business requirements based on product characteristics; the Bank strengthened the risk prevention and control of residential mortgages, and strictly implemented the key links of substantial risk prevention and control such as authentic "customers, transactions, mortgages, housing prices, and down payments"; the Bank enhanced the management of personal loan collateral and promoted the application of "online evaluation" of collateral; the Bank continuously refined post-lending management, focusing on key tasks such as monitoring, collection, and disposal. It also continued to iterate and upgrade the monitoring model strategy, and pushed forward the digitalization and upgrade of post-lending management.

The Bank earnestly implemented macro-control policies such as "16-point set of financial measures for the real estate", and maintained reasonable and moderate real estate financing, giving an impetus to the positive circulation of finance and real estate. The Bank struck a sound balance between new supply of financing and the prevention and resolution of existing risks, actively responded to changes in the real estate market, and effectively managed risks in the real estate sector. The Bank continuously ameliorated the direction of new financing, and promoted the high-quality and stable development of real estate investment and financing. The Bank strictly implemented various national laws, regulations and policies on the management of local debts, and strictly secured the bottom line of legality, compliance and no regional systemic risk. For small and medium-sized financial institutions, the Bank, based on the impacts of the measures for the risk classification of financial assets and the New Capital Regulation, stepped up routine monitoring capability to strictly prevent risk spillovers.

The Bank fully promoted the digitalization of credit risk management, explored the multi-scenario application of big data, AI and other advanced technologies, and promoted the construction of a multi-dimensional and visual risk monitoring and early warning system. The Bank launched a number of digital projects, including an investment and financing operation management platform and an intelligent risk control platform for retail credits, to enhance the intelligent assistance capability of systems in management and decision-making.

Credit Risk Analysis

At the end of 2023, the Bank's maximum exposure to credit risk, without taking into account any collateral and other credit enhancements, was RMB46,604,256 million, representing an increase of RMB5,139,499 million compared with the end of the previous year. Please refer to "Note 50.(a)(i) to the Consolidated Financial Statements: Maximum Exposure to Credit Risk Without Taking Into Account of Any Collateral and Other Credit Enhancements". For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to the section headed "Credit Risk" of the 2023 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited.

DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 31 December 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	25,250,275	96.79	22,437,578	96.67
Special mention	482,705	1.85	451,628	1.95
NPLs	353,502	1.36	321,170	1.38
Substandard	98,527	0.38	158,372	0.68
Doubtful	116,527	0.45	118,574	0.51
Loss	138,448	0.53	44,224	0.19
Total	**26,086,482**	**100.00**	**23,210,376**	**100.00**

According to the five-category classification, pass loans amounted to RMB25,250,275 million at the end of 2023, representing an increase of RMB2,812,697 million when compared with the end of the previous year and accounting for 96.79% of total loans. Special mention loans stood at RMB482,705 million, representing an increase of RMB31,077 million, and accounting for 1.85% of the total, with a drop of 0.10 percentage points. NPLs amounted to RMB353,502 million, showing an increase of RMB32,332 million, and NPL ratio was 1.36%, with a decrease of 0.02 percentage points.

DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 31 December 2023				At 31 December 2022			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	16,145,204	61.9	292,745	1.81	13,826,966	59.6	271,615	1.96
Short-term corporate loans	3,681,064	14.1	91,426	2.48	3,150,517	13.6	99,066	3.14
Medium to long-term corporate loans	12,464,140	47.8	201,319	1.62	10,676,449	46.0	172,549	1.62
Discounted bills	1,287,657	4.9	–	–	1,148,785	4.9	–	–
Personal loans	8,653,621	33.2	60,757	0.70	8,234,625	35.5	49,555	0.60
Residential mortgages	6,288,468	24.1	27,827	0.44	6,431,991	27.7	25,394	0.39
Personal consumption loans	328,286	1.3	4,390	1.34	232,442	1.0	3,985	1.71
Personal business loans	1,347,136	5.2	11,639	0.86	930,040	4.0	8,454	0.91
Credit card overdrafts	689,731	2.6	16,901	2.45	640,152	2.8	11,722	1.83
Total	**26,086,482**	**100.0**	**353,502**	**1.36**	**23,210,376**	**100.0**	**321,170**	**1.38**

At the end of 2023, corporate NPLs were RMB292,745 million, showing an increase of RMB21,130 million when compared with the end of the previous year, and representing a NPL ratio of 1.81%, with a decrease of 0.15 percentage points. Personal NPLs amounted to RMB60,757 million, showing an increase of RMB11,202 million, and represented a NPL ratio of 0.70%, with an increase of 0.10 percentage points.

DISTRIBUTION OF CORPORATE LOANS AND NON-PERFORMING CORPORATE LOANS OF DOMESTIC BRANCHES BY INDUSTRY OF LOAN CUSTOMERS

In RMB millions, except for percentages

	At 31 December 2023				At 31 December 2022			
Item	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	3,583,967	24.1	17,530	0.49	3,149,183	25.1	19,324	0.61
Manufacturing	2,351,044	15.8	55,359	2.35	1,949,461	15.5	58,944	3.02
Leasing and commercial services	2,295,720	15.5	43,958	1.91	1,892,850	15.1	38,188	2.02
Water, environment and public utility management	1,722,981	11.6	20,493	1.19	1,511,785	12.0	23,864	1.58
Production and supply of electricity, heating, gas and water	1,594,025	10.7	12,537	0.79	1,211,580	9.6	8,406	0.69
Real estate	762,226	5.1	40,957	5.37	724,802	5.8	44,531	6.14
Wholesale and retail	679,049	4.6	29,886	4.40	531,845	4.2	31,696	5.96
Construction	432,570	2.9	14,078	3.25	359,345	2.9	7,513	2.09
Science, education, culture and sanitation	383,799	2.6	8,882	2.31	340,146	2.7	8,337	2.45
Mining	295,219	2.0	2,619	0.89	226,500	1.8	2,706	1.19
Other	761,866	5.1	16,474	2.16	657,994	5.3	17,422	2.65
Total	**14,862,466**	**100.0**	**262,773**	**1.77**	**12,555,491**	**100.0**	**260,931**	**2.08**

The Bank continued to propel the optimization and adjustment of the credit industry structure and stepped up efforts to shore up the development of the real economy. Loans to transportation, storage and postal services increased by RMB434,784 million or 13.8% over the end of the previous year, which were mainly used to strongly support key transportation projects in the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and other regions, and transportation construction projects making up for deficiencies in the western regions. Loans to leasing and commercial services increased by RMB402,870 million, up 21.3%, which were mainly used to meet the increased financing needs of customers in areas such as investment and asset management, and enterprise headquarters, park and commercial complex management services. Loans to manufacturing increased by RMB401,583 million, up 20.6%, mainly granted to leading backbone enterprises and key projects in high-end manufacturing such as new-generation information technology, integrated circuits, new energy vehicles, and large-scale refining and chemical projects. Loans to production and supply of electricity, heating, gas and water increased by RMB382,445 million, representing a growth rate of 31.6%, mainly to enhance the adaptability with the national industrial structure adjustment, increase financing support for clean energy transformation, and achieve balanced growth in the coal power supply guarantee and clean energy fields. Loans to water, environment and public utility management grew by RMB211,196 million or 14.0%, mainly for major projects in the areas of new urbanization and water conservancy facilities as well as the areas of people's livelihood such as urban public utilities and environmental remediation.

The Bank continued to strengthen risk management of financing in various industries, improved the quality and efficiency in the disposal of non-performing assets, and properly carried out risk prevention and mitigation in key areas. With these efforts, the loan quality was generally stable.

DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2023				At 31 December 2022			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	754,746	2.9	29,793	3.95	747,980	3.2	18,443	2.47
Yangtze River Delta	5,616,187	21.5	36,930	0.66	4,798,204	20.7	32,910	0.69
Pearl River Delta	4,055,692	15.5	57,869	1.43	3,621,603	15.6	47,328	1.31
Bohai Rim	4,285,481	16.4	63,835	1.49	3,816,621	16.5	69,989	1.83
Central China	4,064,415	15.6	43,192	1.06	3,561,290	15.3	40,888	1.15
Western China	4,766,575	18.3	68,298	1.43	4,225,369	18.2	71,038	1.68
Northeastern China	1,082,666	4.2	22,301	2.06	978,246	4.2	29,203	2.99
Overseas and other	1,460,720	5.6	31,284	2.14	1,461,063	6.3	11,371	0.78
Total	**26,086,482**	**100.0**	**353,502**	**1.36**	**23,210,376**	**100.0**	**321,170**	**1.38**

MOVEMENTS OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

Item	Movements of allowance for impairment losses on loans and advances to customers measured at amortised cost				Movements of allowance for impairment losses on loans and advances to customers measured at FVTOCI			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	**278,715**	**141,586**	**251,923**	**672,224**	**510**	**–**	**28**	**538**
Transfer:								
to stage 1	46,568	(42,004)	(4,564)	–	–	–	–	–
to stage 2	(7,253)	12,411	(5,158)	–	–	–	–	–
to stage 3	(2,596)	(44,930)	47,526	–	(46)	–	46	–
Charge/(reverse)	27,041	89,529	26,736	143,306	(108)	–	224	116
Write-offs and transfer out	–	–	(72,721)	(72,721)	–	–	(270)	(270)
Recoveries of loans and advances previously written off	–	–	14,915	14,915	–	–	–	–
Other movements	255	(352)	(1,626)	(1,723)	5	–	1	6
Balance at 31 December 2023	**342,730**	**156,240**	**257,031**	**756,001**	**361**	**–**	**29**	**390**

Note: Please see "Note 23. to the Consolidated Financial Statements: Loans and Advances to Customers" for details.

As at the end of 2023, the allowance for impairment losses on loans stood at RMB756,391 million, of which RMB756,001 million at amortised cost, and RMB390 million at fair value through other comprehensive income. Allowance to NPLs was 213.97%, showing an increase of 4.50 percentage points over the end of last year; allowance to total loans ratio was 2.90%, keeping flat with the end of the previous year.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 31 December 2023 Amount	Percentage (%)	At 31 December 2022 Amount	Percentage (%)
Loans secured by mortgages	10,444,304	40.1	9,977,153	43.0
Pledged loans	2,979,342	11.4	2,467,572	10.6
Guaranteed loans	2,715,345	10.4	2,544,651	11.0
Unsecured loans	9,947,491	38.1	8,221,000	35.4
Total	**26,086,482**	**100.0**	**23,210,376**	**100.0**

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 31 December 2023 Amount	% of total loans	At 31 December 2022 Amount	% of total loans
Less than 3 months	107,236	0.42	93,802	0.40
3 months to 1 year	101,889	0.39	79,509	0.34
1 to 3 years	87,118	0.33	91,177	0.40
Over 3 years	34,181	0.13	19,543	0.08
Total	**330,424**	**1.27**	**284,031**	**1.22**

Note: Loans and advances to customers are deemed overdue when either the principal or interest is overdue. For loans and advances to customers repayable by installments, the total amount of loans is deemed overdue if part of the installments is overdue.

Overdue loans stood at RMB330,424 million, representing an increase of RMB46,393 million from the end of the previous year, among which, loans overdue for over 3 months amounted to RMB223,188 million, representing an increase of RMB32,959 million.

RESCHEDULED LOANS

Rescheduled loans and advances measured in accordance with the Measures for Risk Classification of Financial Assets of Commercial Banks amounted to RMB82,723 million. Specifically, rescheduled loans and advances overdue for over 3 months amounted to RMB8,575 million.

LOAN MIGRATION RATIO

In percentages

Item	At 31 December 2023	At 31 December 2022	At 31 December 2021
Pass	1.05	1.12	1.09
Special mention	18.61	21.03	17.31
Substandard	61.74	36.62	46.39
Doubtful	77.49	42.55	47.63

Note: Calculated according to the Circular on Amending the Definitions and Calculation Formula of Basic Indicators for Off-site Supervision of the Banking Sector issued by the former CBIRC in 2022, and measured at the Group's level.

Large Exposures Management

In accordance with relevant regulatory rules, the Bank strictly carried out various work on large exposures management in an orderly manner, and further improved the large exposures management system, including the construction of large exposure management systems, to strengthen large exposures limit management, and to continuously improve large exposures management.

BORROWER CONCENTRATION

As at the end of 2023, the total amount of loans granted by the Bank to the single largest borrower and top ten single borrowers accounted for 4.5% and 23.5% of the Bank's net capital base, respectively. The total amount of loans granted to the top ten single borrowers was RMB1,105,393 million, accounting for 4.2% of the total loans.

Item	At 31 December 2023	At 31 December 2022	At 31 December 2021
Loan concentration to the single largest borrower (%)	4.5	3.8	3.6
Loan concentration to the top ten borrowers (%)	23.5	16.0	14.2

The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of 2023.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Production and supply of electricity, heating, gas and water	211,750	0.8
Borrower B	Transportation, storage and postal services	175,022	0.7
Borrower C	Transportation, storage and postal services	131,941	0.5
Borrower D	Finance	127,667	0.5
Borrower E	Finance	114,281	0.4
Borrower F	Production and supply of electricity, heating, gas and water	77,833	0.3
Borrower G	Production and supply of electricity, heating, gas and water	69,500	0.3
Borrower H	Transportation, storage and postal services	67,663	0.3
Borrower I	Transportation, storage and postal services	65,520	0.2
Borrower J	Finance	64,216	0.2
Total		**1,105,393**	**4.2**

For credit risk capital measurement, please refer to the section headed "Credit Risk" of the 2023 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited.

Market Risk

Market risk is defined as the risk of loss to a bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, stock prices and commodity prices). The Bank is primarily exposed to interest rate risk and currency risk (including gold). Market risk management is the process of identifying, measuring, monitoring, controlling and reporting market risk. The objective of market risk management is to control market risk exposures within a tolerable level and maximize risk-adjusted return according to the Bank's risk appetite.

The Bank strictly complies with regulatory requirements on market risk management, has implemented an independent, centralized and coordinated market risk management model, and formed a management organizational structure featuring the segregation of the front, the middle and the back offices in the financial market business. The Board of Directors assumes the ultimate responsibility for monitoring market risk management. The Senior Management is responsible for executing the strategies, overall policy and system concerning market risk management approved by the Board of Directors. The Market Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of market risk management, is responsible for reviewing material affairs of market risk management, and performs its duty in accordance with the Working Regulations for the Market Risk Management Committee. The risk management departments at different levels undertake the responsibility of coordinating market risk management at respective levels, and the business departments implement market risk management policies and standards for their respective business areas in accordance with their functions.

In 2023, the Bank continued to deepen the Group's market risk management. In light of the new regulations and the latest management practices, the Bank improved the market risk management system, and revised core institutional documents such as market risk management rules. It effectively disseminated the Group's risk appetite, approved the Group's market risk limit plan for 2023, optimized trading strategies, refined limit monitoring, and strengthened early warning and prompt, in an effort to enhance the limit management of domestic and overseas institutions. It took solid steps to promote the implementation of the New Capital Regulation, strengthened the Group's capability of consolidated measurement of capital requirements under the new market risk standards, and actively promoted the implementation of the internal model method for market risk under the New Capital Regulation. It deeply refined the market risk management system, established and improved the model library and management mechanism, and continuously ameliorated the intelligence of the market risk management system.

Management of Market Risk in the Trading Book

The Bank kept strengthening trading book market risk management and product control, and adopted the value-at-risk (VaR), stress testing, sensitivity analysis, exposure analysis, profit/loss analysis, price monitoring and other means to measure and manage trading book products.

For VaR of the trading book, please refer to "Note 50.(c)(i) to the Consolidated Financial Statements: VaR".

Currency Risk Management

Currency risk is the risk of adverse movements of exchange rate resulting in losses to the bank on the foreign currency exposure, which is due to the currency structure's mismatch between foreign currency assets and liabilities. The Bank's objective of currency risk management is to control the impact of exchange rate fluctuations on the Bank's financial position and shareholders' equity within a tolerable extent. The Bank manages such risk principally by the limit management and hedging of risks. The Bank carries out sensitivity analysis and stress testing of currency risk on a quarterly basis, and the Senior Management and the Market Risk Management Committee review the currency risk reports on a quarterly basis.

In 2023, the Bank kept a close eye on the changes in market trends. By adhering to the currency risk neutrality principle, it actively took multiple management measures such as limit management and hedging, and improved the matching degree of the Group's foreign exchange asset and liability currencies. The currency risk of the Group was maintained within a reasonable range.

FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

Item	At 31 December 2023		At 31 December 2022	
	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign exchange items, net	453,471	63,797	657,753	94,665
Exposure of off-balance sheet foreign exchange items, net	(310,686)	(43,709)	(345,192)	(49,681)
Total foreign exchange exposure, net	**142,785**	**20,088**	**312,561**	**44,984**

Please refer to "Note 50.(c)(ii) to the Consolidated Financial Statements: Currency Risk" for the exchange rate sensitivity analysis.

Please refer to the section headed "Market Risk" of the 2023 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on market risk capital measurement.

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is defined as the risk of loss in the economic value and overall profit of the banking book arising from adverse movements in the interest rate and maturity structure, etc.

Management of Interest Rate Risk in the Banking Book

The Bank's management system for interest rate risk in the banking book conforms to the system importance, risk status and business complexity, and fits the Bank's overall development strategy and the enterprise risk management system. The system mainly consists of the following elements: a sound risk system; an effective risk governance structure; sound risk management strategies, policies and procedures; effective risk identification, measurement, monitoring, control and mitigation that cover all areas; a complete internal control and review mechanism; a fully-built risk management system; and adequate information disclosure and reporting. The Bank strictly complied with regulatory requirements for interest rate risk in the banking book, effectively managed interest rate risk in the banking book at the Bank and consolidated level, and developed a sound governance structure for interest rate risk management in the banking book that is fully built and well-structured, with clearly defined rights and responsibilities. The Board of Directors and the Senior Management are vested with the ultimate and executive responsibilities, respectively, for managing interest rate risk in the banking book. The Asset & Liability Management Department of the Head Office takes the leading role in managing interest rate risk in the banking book, and other departments and institutions play their roles in implementing policies and standards concerning interest rate risk in the banking book. The Internal Audit Bureau and the Internal Control & Compliance Department of the Head Office are responsible for reviewing and evaluating duties in respect of interest rate risk in the banking book.

The objective of management of interest rate risk in the banking book: The Bank aims at maximizing the risk-adjusted net interest income within the tolerable level of interest rate risk under its risk management and risk appetite. The Bank formulated strategies and clarified objectives and modes for managing interest rate risk in the banking book based on risk appetite, risk status, macroeconomic and market changes. Based on the pre-judging of the interest rate trend and measurement results of the changes in overall profit and economic value, the Bank formulated and put into practice relevant management policies, and adopted a coordinated approach to using interest rate risk control tools to mitigate and manage risks, so as to ensure the Bank's actual interest rate risks conform to its bearing capability and willingness. On the basis of management strategies and objectives, the Bank developed policies and made clear the modes and instruments for managing interest rate risk in the banking book. By developing and modifying such methods as on-balance sheet adjustment and off-balance sheet hedging to manage interest rate risk, adeptly using quantity, pricing and derivative instruments regarding assets and liabilities, and applying the limit management system, business plan, performance assessment and capital evaluation in all areas for interest rate risk management and assessment, the Bank achieved effective control of interest rate risk at the business lines, the branches, the affiliates and the products and portfolios easily affected by interest rate risk.

In line with the principles of comprehensiveness, prudence and foresight, the Bank's stress testing on interest rate risk in the banking book adopted the interest rate risk exposure measurement approach and standardized duration approach to measure the effect of interest rate exposure changes under different stress scenarios on the overall profit and economic value. Based on the domestic and overseas regulatory requirements, the bank-wide asset and liability business structure, operation and management as well as risk appetite, the Bank set stress testing scenarios for interest rate risk in the banking book by taking into account the current interest rate level, historical changes and trends, total assets and liabilities and their term characteristics, business development strategies, customer behaviors and other factors, and conducted stress testing quarterly.

In 2023, adhering to a steady and prudent interest rate risk appetite, the Bank grasped changes in the monetary policy cycles and market expectations in a forward-looking manner, improved the mechanism for dynamic adjustment to interest rate risk management strategies, and continued to optimize the interest rate exposure and duration mismatch structure of assets and liabilities. The Bank strengthened the ability to predict and respond to interest rate fluctuations in domestic and foreign currencies, bonds, credits, and other markets, and kept improving the digital management of interest rate risks, to consolidate the high-quality operating results from balanced, coordinated and sustainable current earnings and long-term value.

Analysis on Interest Rate Risk in the Banking Book

Interest Rate Sensitivity Analysis

Supposing that there is parallel shift of overall market interest rates, and taking no account of possible risk management actions taken by the Management to mitigate the interest rate risk, the analysis on interest rate sensitivity of the Bank categorized by major currencies at the end of 2023 is shown in the following table:

In RMB millions

	+100 basis points in interest rate		– 100 basis points in interest rate	
Currency	**Effect on net interest income**	**Effect on equity**	**Effect on net interest income**	**Effect on equity**
RMB	(14,922)	(73,298)	14,922	84,941
USD	(1,320)	(6,466)	1,320	6,655
HKD	(1,439)	(95)	1,439	96
Other	1,008	(20)	(1,008)	74
Total	**(16,673)**	**(79,879)**	**16,673**	**91,766**

Note: Please refer to "Note 50.(d) to the Consolidated Financial Statements: Interest Rate Risk in the Banking Book".

Interest Rate Exposure Analysis

As at the end of 2023, the Bank had a positive cumulative interest rate sensitivity exposure within one year of RMB3,353,947 million, representing an increase of RMB1,302,311 million from the end of the previous year, mainly because of the increase in repriced or matured loans and advances to customers within one year. The Bank had a positive cumulative interest rate sensitivity exposure above one year of RMB282,408 million, representing a decrease of RMB1,083,170 million, mainly resulted from the increase in repriced or matured due to customers above one year.

INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 31 December 2023	(5,622,895)	8,976,842	(4,169,555)	4,451,963
At 31 December 2022	(7,389,824)	9,441,460	(2,592,876)	3,958,454

Note: Please refer to "Note 50.(d) to the Consolidated Financial Statements: Interest Rate Risk in the Banking Book".

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to raise funds on a timely basis at a reasonable cost to settle liabilities as they fall due, or perform other payment obligations and satisfy other funding demands arising from the normal course of business. Liquidity risk may arise from the following events or factors: material adverse changes in market liquidity, withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, mismatch between assets and liabilities, difficulties in assets realization, operating losses and risk associated with its affiliates.

Liquidity Risk Management

The Bank's liquidity risk management system conforms to its overall development strategy and overall risk management system, and is commensurate with the business scale, business nature, complexity and other aspects of the Bank. The system includes the following fundamental elements: a sound risk system; effective governance structure for liquidity risk management; sound strategy, policy and procedures for liquidity risk management; effective identification, measurement, monitoring and control for liquidity risk and a complete management information system. In respect of liquidity risk management, the Bank's governance structure embodies the decision-making system comprising the Board of Directors and its special committees as well as the Asset and Liability Management Committee and the Risk Management Committee of the Head Office; the supervision system comprising the Board of Supervisors, the Internal Audit Bureau and the Internal Control and Compliance Department of the Head Office; and the execution system comprising the Asset and Liability Management Department, leading management departments of on- and off-balance sheet businesses, the information technology departments, operation management departments of the Head Office and relevant departments of branches. Each of these systems performs the corresponding functions of decision making, supervision and execution according to division of responsibilities.

Objective of liquidity risk management: By establishing and improving the liquidity risk management system, the Bank aims at realizing effective identification, measurement, monitoring and control of the liquidity risk at the Group level, the Bank, the affiliates, the branches and the business lines, and ensuring the liquidity demand is satisfied at a reasonable cost in time under the normal business scenario and the stress scenario. The Bank's liquidity risk management strategy and policy are formulated in accordance with the liquidity risk appetite, and they cover all businesses on- and off-balance sheet, all domestic and overseas business departments, branches and affiliates that are likely to have a material impact on the liquidity risk, and contain the liquidity risk management under normal and stressed scenarios. The liquidity risk management strategy specifies the overall objective and mode of liquidity risk management and lists major policies and procedures. The policies for liquidity risk management are formulated in accordance with external and macro operating environments and business development of the Bank, with a view to striking an effective balance among security, liquidity and profitability. The Bank conducts stress testing quarterly or by subject by fully considering various macro and micro factors that may affect the liquidity of the Bank, changes in the external operating environment, regulatory requirements, and business characteristics and complexity of the Bank.

In 2023, the Bank adhered to a steady and prudent liquidity management strategy, and the Group's liquidity was stable. The Bank intensified the monitoring of funds and maintained a proper and sufficient liquidity reserve, with stable and orderly liquidity and customer payment. The Bank facilitated the ongoing upgrading of the liquidity risk management mechanism and system, and continuously enhanced the automation and intelligence level of liquidity risk monitoring, measurement and control. The Bank strengthened on- and off-balance sheet liquidity risk management in local and foreign currencies in domestic and overseas institutions, optimized the multi-level and multi-dimensional liquidity monitoring and early warning system, and enhanced the Group's liquidity risk prevention and emergency response capabilities.

Liquidity Risk Analysis

The Bank assesses liquidity risk status by comprehensive use of a variety of methods and tools such as liquidity indicator analysis and liquidity exposure analysis.

At the end of 2023, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 54.5% and 88.8% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 76.7%.

Item		Regulatory criteria	At 31 December 2023	At 31 December 2022	At 31 December 2021
Liquidity ratio (%)	RMB	>=25.0	54.5	42.3	41.5
	Foreign currency	>=25.0	88.8	106.1	88.9
Loan-to-deposit ratio (%)	RMB and foreign currency		76.7	76.7	77.3

Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the fourth quarter of 2023, the net stable funding ratio was 130.56%, 0.39 percentage points higher than that at the end of the previous quarter, mainly due to the rapid growth of stable funds available for use. For the quantitative information for net stable funding ratio in accordance with the former CBIRC's Disclosure Rules on Net Stable Funding Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

The daily average liquidity coverage ratio for the fourth quarter of 2023 was 122.03%, 1.00 percentage point lower than the previous quarter, mainly because of the decreased cash inflows in the next 30 days. High-quality liquid assets cover cash, available central bank reserve under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the regulatory requirements. For the quantitative information for liquidity coverage ratio based on the former CBIRC's Administrative Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

As at the end of 2023, the liquidity exposure for less than 1 month turned from negative to positive, mainly due to the increase of matured reverse repurchase agreements within corresponding term. The negative liquidity exposure for 1 to 3 months and 3 months to 1 year expanded and the positive liquidity exposure for 1 to 5 years decreased, mainly due to the increase of matured due to customers within corresponding term. The positive liquidity exposure for over 5 years expanded, which was mainly due to the increase in matured loans and advances to customers and bond investments within corresponding term. In 2023, the Bank maintained stable and abundant funds, balanced and steady growth in assets and liabilities, reasonable and appropriate cash flows of various maturities, and safe and steady liquidity operation.

LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 31 December 2023	(14,661,992)	517,820	(1,065,013)	(1,961,803)	299,076	17,033,573	3,614,927	3,776,588
At 31 December 2022	(15,617,408)	(107,581)	(412,689)	(344,569)	658,151	15,935,539	3,403,976	3,515,419

Note: Please refer to "Note50.(b) to the Consolidated Financial Statements: Liquidity Risk".

Operational Risk

Operational Risk Management

Operational risk is defined as the possibility of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic and reputational risk. There are seven major types of operational risks faced by the Bank, including internal fraud, external fraud, employment system and workplace safety, customers, products and business activities, damage to physical assets, IT system, execution and delivery and process management. Among these, external fraud, execution, delivery and process management constitute major sources of operational risk losses of the Bank.

The Bank strictly complies with regulatory requirements on operational risk management. The Board of Directors, the Board of Supervisors, the Senior Management and its Operational Risk Management Committee are respectively responsible for decision-making, supervision and execution with respect to operational risk management, and relevant departments act as the "three lines of defense" for operational risk management pursuant to their management functions, thus forming an operational risk management system with close connection and mutual checks and balances. Institutions and departments function as the first line of defense, assume the direct responsibility for respective operational risk management. Classified management departments such as Internal Control & Compliance, Legal Affairs, Security, Financial Technology, Finance & Accounting, Operation Management and Human Resources as well as cross-risk management departments including Credit and Investment Management and Risk Management jointly perform the functions as the second line of defense, which are respectively responsible for the lead management of operational risk, the classified management of certain type of operational risk and the management of operational risk across credit and market risks. The Internal Audit Department performs the functions as the third line of defense and assumes the responsibility for supervision, and is responsible for supervising the effectiveness of operational risk management.

In 2023, the Bank improved the standards for collecting operational risk loss data, restructured operational risk management system and consolidated the quality of operational risk loss data, in line with regulatory focuses and operational risk trends, the operational risk management requirements of NFRA, and its own management needs. It steadily advanced the project on meeting operational risk standard approach under the New Capital Regulation, and coordinated the self-assessment of operational risk and control, to enhance operational risk control in a constant manner. To improve the long-term case prevention mechanism, the Bank consolidated the primary responsibilities for case prevention, deepened the case risk governance in key fields, optimized case assessment mechanism, stimulated internal motivation for self-examination and self-correction, and continuously and deeply carried out case warning and education. Besides, it strengthened the grid-based intelligent control mechanism for abnormal employee behavior, consolidated and examined the primary responsibility for management and control, and deepened the special governance of abnormal behavior. During the reporting period, the operational risk control system of the Bank operated smoothly, and the operational risk was controllable on the whole.

Please refer to the section headed "Operational Risk" of the 2023 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on operational risk capital measurement.

Legal Risk

Legal risk is the risk of incurring legal sanctions, regulatory penalties, financial losses, reputational losses or other negative consequences that arises out of or in connection with the failure of a bank to comply with relevant laws, regulations, administrative rules, regulatory provisions or requirements of other relevant rules during the bank's operation; the unfavorable legal defects that exist in products, services or information provided to clients, transactions engaged in, and contracts, agreements or other documents executed by the bank; legal disputes (litigation or arbitration proceedings) between the bank and its clients, counterparties and stakeholders; important changes in relevant laws and regulations, administrative rules, regulatory provisions and other relevant rules; and other relevant legal events that occur internally and externally.

Based on the objective to ensure legal and compliant operation, the Bank always attaches great importance to establishing a sound legal risk management system, forming a full-process legal risk prevention and control mechanism to support and secure business innovation and market competition, and to prevent and eliminate various potential or practical legal risks. The Board of Directors is responsible for reviewing and determining the strategy and policy relating to legal risk management, and assumes the ultimate responsibility of legal risk management. The Senior Management is responsible for executing the strategy and policy relating to legal risk management, examining and approving relevant important affairs. The Legal Affairs Department of the Head Office is in charge of legal risk management across the Group, with relevant business departments providing related support and assistance on legal risk prevention and control. The affiliates, domestic and overseas branches undertake the responsibility of legal risk management of their respective institutions.

In 2023, the Bank continued to strengthen legal risk management, by improving the risk prevention and control capacity in legal risk management, ensuring the legal and compliant operation, healthy business development and overall business stability of the Group. In accordance with new laws and regulations, its business rules, relevant agreements and system construction were improved, and legal risk prevention and control in key areas and links was further pushed forward in line with new requirements of financial regulators. The Bank also conducted ongoing monitoring of legal risks and improved both the vertical interconnection and horizontal coordination mechanism between the Head Office and branches. By systematically embedding legal risk prevention and control into business negotiations, product design, contract signing and other links, the Bank made risk prevention and control more prospective, proactive and targeted. It improved the cross-border coordination and management for legal work, strengthened the legal risk management of overseas institutions, and enhanced the training of legal talents for overseas business, thus properly responding to cross-border legal issues emerging in the development of international operations. Moreover, the Bank ameliorated the function design and management mechanism for the electronic signing system, to further enhance its risk control capability and usability, and effectively prevent and control operational risk, legal risk and reputational risk caused by misuse of contract seal. It continuously reinforced authorization management, related party management, and trademark management, and made efforts to constantly institutionalize risk management and control, and refine the structure of the system. The Bank devoted great energy to strongly dealing with lawsuit cases to protect the Bank's rights and interests in accordance with laws and avoid and reduce risk losses. In addition to the active assistance in online judicial inquiry and enforcement, the Bank played a positive role in improving the efficiency of law enforcement and case handling by competent authorities and building a social credibility system. The Bank widely carried out legal training and education activities to enhance the awareness of legality and compliance among the Group's employees.

Money Laundering Risk

Money laundering risk refers to the possibility that the products and services provided by a bank in the course of business operation and management are used for money laundering, terrorist financing, proliferation financing and other upstream criminal activities of money laundering, thereby causing the bank to suffer losses. Any money laundering risk event or case may bring serious reputational risk and legal risk, and lead to customer loss, business loss and financial loss.

In strict compliance with anti-money laundering ("AML") laws and regulations of China and host countries (regions) of overseas institutions, the Bank sincerely fulfilled the legal obligations and social responsibilities concerning AML, and took the initiative to adapt to the AML situation in the new era. Guided by the "risk-based" principle and focusing on "one basic framework and four management pillars", the Bank continuously improved the Group's AML governance structure, optimized customer due diligence mechanisms, and strengthened money laundering risk assessment and control. It deepened the construction of a digital AML ecosystem, strengthened AML supervision, inspection and auditing, and advanced AML training and team building. Besides, it gradually developed an AML management mode with its own characteristics in line with international standards, thus further improving the quality and efficiency of AML management. During the reporting period, the Bank's money laundering risk was controllable.

Reputational Risk

Reputational risk is defined as the risk of negative comments on a bank from stakeholders, the public or the media as a result of the behaviors of the bank or practitioners or external events and so on, thereby damaging brand value, detrimental to normal operation, and even affecting market and social stability. Reputational risk may arise in any part of the Bank's operation and management, and usually co-exists and correlates with credit risk, market risk, operational risk and liquidity risk. Good reputation is central to the operation and management of a commercial bank. The Bank highly values its reputation and has incorporated reputational risk management in the corporate governance and enterprise risk management system to prevent reputational risk.

The Board of Directors is responsible for reviewing and finalizing bank-wide policies concerning reputational risk management that are in line with the strategic objective of the Bank, establishing a bank-wide system of reputational risk management, monitoring the overall status and effectiveness of reputational risk management across the Bank and assuming the ultimate responsibility for reputational risk management. The Senior Management is responsible for leading reputational risk management of the Bank, implementing the strategies and policies established by the Board of Directors, reviewing and finalizing the rules, measures and operating procedures for reputational risk management, preparing plans for responding to and coping with extraordinarily major reputational risk events and ensuring the proper and effective operation of the reputational risk management system. The Bank has established a special reputational risk management team to take charge of the daily management of reputational risk.

In 2023, the Bank deepened the implementation of the Group's reputational risk management rules and requirements, and continuously improved the group-wide and whole-process reputational risk management system and working mechanism, to improve the quality and efficiency of reputational risk management. It strengthened the normalization of reputational risk management, and deepened the governance of risk sources, to safeguard the Bank's image. In addition, regarding the issues of social focusing, the Bank timely responded to social concerns, organized and promoted influential brand communication activities, to enhance the Bank's brand image. The Bank leads the market in terms of network influence and reputation value. During the reporting period, the reputational risk of the Bank stood in a controllable range.

Country Risk

Country risk is the risk incurred to a bank arising from the inability or refusal by the debtor to repay bank debt, losses suffered by the bank or its commercial presence in such country or region and other losses due to political, economic and social changes and events in a country or a region. Country risk may be triggered by the deterioration of economic conditions, political and social turmoil, asset nationalization or expropriation, government's refusal to pay external debt, foreign exchange control or currency depreciation in a country or a region.

The Bank strictly observes regulatory requirements on country risk management. The Board of Directors assumes the ultimate responsibility for the effectiveness of country risk management. The Senior Management is responsible for executing the country risk management policies approved by the Board of Directors. The Risk Management Committee of the Head Office is responsible for reviewing matters regarding country risk management. The Bank manages and controls country risk with a series of tools, including country risk assessment and rating, country risk limit, country risk exposure monitoring and stress testing. The Bank reviews the country risk rating and limits at least once every year.

In 2023, facing the increasingly complicated and severe external environment, the Bank strictly abode by regulatory requirements and, with consideration of its business development needs, continued to strengthen country risk management. The Bank closely observed changes in country risk exposures, constantly tracked, monitored and reported country risk, and timely updated and adjusted the country risk rating and limits. It continued to strengthen early warning mechanism for country risk, proactively conducted stress testing on country risk and effectively controlled country risk while steadily promoting internationalization.

Information Technology and Cyber Security Risk

Information technology and cyber security risk refers to the operational, legal or reputational risk incurred in various IT activities by natural factors, human factors, technical vulnerabilities and managerial deficiencies, mainly involving areas such as technology governance, cyber and information security, innovative research and development, production and operation, business continuity, and technology outsourcing. The Bank incorporated information technology and cyber security risk into its enterprise risk management system, and established and continuously refined the long-term mechanism of joint prevention and control for the three lines of defense.

In 2023, the Bank coordinated development and security, and regarded the prevention and control of information technology and cyber security risk as an important part of FinTech work, for the purpose of high-quality development through high-standard security. The Bank continuously improved cyber security capabilities, strengthened support for information system production and operation, reinforced special inspection on cyber security, and improved contingency plan for cyber security, to consolidate the foundation for production and operation safety. The Bank strengthened the prevention and control of digital transformation risks, and kept an eye on emerging and traditional risks in the digital environment. During the reporting period, the Bank's overall risks were controllable.

CAPITAL MANAGEMENT

The Bank implements a group-based capital management mechanism, and takes capital as the object and an instrument for its management activities, including planning, measurement, allocation, application and operation. The Bank's capital management aims at maintaining an appropriate capital adequacy ratio and continuously meeting capital supervisory regulations and policies; ceaselessly strengthening and enhancing the capital base and supporting business growth and implementation of strategic planning; establishing a value management system focusing on economic capital, reinforcing capital constraint and incentive mechanism and improving capital allocation efficiency; innovating and expanding capital replenishment channels, raising capital quality and optimizing capital structure. The Bank's capital management covers various operating entities in the Group, and its contents include capital adequacy ratio management, economic capital management, capital investment and financing management.

In 2023, the Bank established and refined the lean capital management, continuously improved scientific capital raising, efficient allocation, precise measurement, long-term constraint and normal optimization management mechanism, and continued to elevate the capital use efficiency. It appropriately conducted capital replenishment, optimized the capital structure and reduced the cost of capital, thus laying a solid capital foundation for the Bank to serve the real economy. The Bank actively responded to the implementation of the New Capital Regulation to ensure the smooth switching of regulatory rules and the smooth operation of the capital adequacy ratio. In 2023, all capital indicators performed well, of which the capital adequacy ratio was kept at a sound and appropriate level.

Capital Adequacy Ratio and Leverage Ratio

At the end of 2023, the Bank calculated its capital adequacy ratios at all levels in accordance with the Capital Regulation (Provisional). According to the scope of implementing the advanced capital management approaches as approved by the regulatory authorities, the Bank adopted the foundation internal ratings-based ("IRB") approach for corporate credit risk, the IRB approach for retail credit risk, the internal model approach ("IMA") for market risk, and the standardized approach for operational risk that met the regulatory requirements. The regulatory weighting approach was adopted for credit risk uncovered by the IRB approach and the standardized approach was adopted for market risk uncovered by the IMA.

RESULTS OF CAPITAL ADEQUACY RATIO CALCULATION OF THE GROUP AND PARENT COMPANY

In RMB millions, except for percentages

Item	At 31 December 2023		At 31 December 2022	
	Group	Parent Company	Group	Parent Company
Net common equity tier 1 capital	3,381,941	3,065,855	3,121,080	2,824,565
Net tier 1 capital	3,736,919	3,393,346	3,475,995	3,152,660
Net capital base	4,707,100	4,361,390	4,281,079	3,945,322
Common equity tier 1 capital adequacy ratio (%)	13.72	13.55	14.04	14.03
Tier 1 capital adequacy ratio (%)	15.17	15.00	15.64	15.66
Capital adequacy ratio (%)	19.10	19.28	19.26	19.60

As at the end of 2023, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Capital Regulation (Provisional) stood at 13.72%, 15.17% and 19.10%, respectively, complying with regulatory requirements[1].

1 The Bank's capital adequacy ratios comply with additional regulatory requirements on systemically important banks.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 31 December 2023	At 31 December 2022
Common equity tier 1 capital	**3,404,032**	**3,141,891**
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,164	148,174
Surplus reserve	428,007	392,162
General reserve	561,303	496,406
Retained profits	1,905,968	1,766,288
Valid portion of minority interests	3,623	3,293
Other	560	(20,839)
Common equity tier 1 capital deductions	**22,091**	**20,811**
Goodwill	8,488	8,320
Other intangible assets other than land use rights	8,490	7,473
Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,867)	(2,962)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	**3,381,941**	**3,121,080**
Additional tier 1 capital	**354,978**	**354,915**
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	647	584
Net tier 1 capital	**3,736,919**	**3,475,995**
Tier 2 capital	**970,181**	**805,084**
Valid portion of tier 2 capital instruments and related premiums	635,672	528,307
Surplus provision for loan impairment	333,382	275,764
Valid portion of minority interests	1,127	1,013
Net capital base	**4,707,100**	**4,281,079**
Risk-weighted assets[1]	**24,641,631**	**22,225,272**
Common equity tier 1 capital adequacy ratio (%)	**13.72**	**14.04**
Tier 1 capital adequacy ratio (%)	**15.17**	**15.64**
Capital adequacy ratio (%)	**19.10**	**19.26**

Note: (1) Refers to risk-weighted assets after capital floor and adjustments.

RISK-WEIGHTED ASSETS

In RMB millions

Item	At 31 December 2023	At 31 December 2022
Credit risk-weighted assets	22,860,683	20,488,486
Parts covered by internal ratings-based approach	15,331,991	13,248,337
Parts uncovered by internal ratings-based approach	7,528,692	7,240,149
Market risk-weighted assets	234,534	203,207
Parts covered by internal model approach	123,270	80,583
Parts uncovered by internal model approach	111,264	122,624
Operational risk-weighted assets	1,546,414	1,533,579
Total	**24,641,631**	**22,225,272**

Please refer to the 2023 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement.

LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 31 December 2023	At 30 September 2023	At 30 June 2023	At 31 March 2023	At 31 December 2022
Net tier 1 capital	3,736,919	3,637,990	3,556,297	3,560,849	3,475,995
Balance of adjusted on- and off-balance sheet assets	46,978,647	47,246,121	45,931,590	44,231,978	41,780,554
Leverage ratio (%)	**7.95**	**7.70**	**7.74**	**8.05**	**8.32**

Note: The Bank's leverage ratio complies with additional regulatory requirements on systemically important banks. Please refer to "Unaudited Supplementary Information to the Consolidated Financial Statements" for details on disclosed leverage ratio information.

Capital Financing Management

On the basis of capital replenishment by retained profits, the Bank proactively expanded the channels for external capital replenishment and continuously promoted the innovation of capital instruments, to reinforce capital strength, optimize capital structure and control the cost of capital rationally.

Issuance Progress of Capital Instruments

The Bank issued two tranches of tier 2 capital bonds of RMB55.0 billion each in China's national inter-bank bond market in April and August 2023. All proceeds were used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

In November 2023, the First Extraordinary General Meeting of 2023 of the Bank reviewed and approved the Proposal on the Issuance Amount of Capital Instruments, approving the Bank to issue tier 2 capital instruments of RMB240.0 billion or foreign currency equivalent. In order to meet the latest regulatory requirements, the issuance amount of RMB130.0 billion or foreign currency equivalent of undated capital bonds with write-down feature that have not been issued after being reviewed and approved by the First Extraordinary General Meeting of 2022 will no longer be used. The above-mentioned amount has been incorporated into the proposal for re-application. The issuance plan of the above-mentioned capital instruments is still subject to the approval of relevant regulatory authorities.

Issuance Progress of Total Loss-Absorbing Capacity Non-capital Debt Instruments

In February 2024, the First Extraordinary General Meeting of 2024 of the Bank reviewed and approved the Proposal on the Issuance Amount of Total Loss-Absorbing Capacity Non-capital Debt Instruments, approving the Bank to issue no more than RMB60.0 billion total loss-absorbing capacity non-capital debt instruments. The issuance plan of total loss-absorbing capacity non-capital debt instruments is still subject to the approval by relevant regulatory authorities.

For details on the issuance of capital instruments of the Bank, please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

Allocation and Management of Economic Capital

Economic capital management of the Bank includes three major aspects: measurement, allocation and application. Economic capital indicators include Economic Capital (EC), Risk-Adjusted Return on Capital (RAROC) and Economic Value-added (EVA). All of the above are applied in credit resource allocation, risk constraint, performance assessment, expenditure allocation, product pricing and customer management, etc.

The Bank continuously improved the EVA value ecosystem and leveraged the leading and driving role of capital. It further optimized the economic capital measurement policy, and increased the preferential allocation to key areas such as manufacturing, green development, sci-tech innovation, strategic emerging industries and rural revitalization. The Bank improved the capital constraint mechanism and comprehensively strengthened capital management of domestic and overseas branches, controlled institutions and departments of the Head Office. It increased the use of economic capital in incentive assessment, and actively promoted the adjustment of asset structure and the enhancement of value creation capacity.

Assessment Indicators of Systemically Important Banks

Global Systemically Importance Assessment Indicators of Commercial Banks

In accordance with the Guidelines on the Disclosure of Global Systemically Importance Assessment Indicators for Commercial Banks issued by the former CBIRC and the Instructions for G-SIB Assessment Exercise issued by the Basel Committee on Banking Supervision, the Bank calculated and disclosed the global systemically importance assessment indicators.

In RMB millions

Indicator category	Indicator	2023
Size	Balance of adjusted on- and off-balance sheet assets	47,393,490
Interconnectedness	Intra-financial system assets	2,248,245
	Intra-financial system liabilities	3,429,792
	Securities and other financing instruments issued	6,434,397
Substitutability	Payments settled via payment systems or correspondent banks	718,647,269
	Assets under custody	21,062,084
	Underwritten transactions in debt and equity markets	2,304,370
	Trading volume of fixed-income securities	8,896,224
	Trading volume of listed equities and other securities	1,231,759
Complexity	Notional amount of over-the-counter ("OTC") derivatives	9,906,744
	Trading and available-for-sale securities	765,333
	Level 3 assets	160,052
Global (cross-jurisdictional) activity	Cross-jurisdictional claims	2,540,971
	Cross-jurisdictional liabilities	2,182,999

Assessment Indicators of Domestic Systemically Important Banks

In accordance with the Measures for Assessment of Systemically Important Banks and the Notice on Launching the Assessment Data Completion of Systemically Important Banks issued by PBC and the former CBIRC, the Bank calculated and disclosed the 2022 assessment indicators of domestic systemically important banks.

In RMB millions, unless otherwise specified

Indicator category	Indicator	2022
Size	Balance of adjusted on- and off-balance sheet assets	41,780,554
Interconnectedness	Intra-financial system assets	3,881,035
	Intra-financial system liabilities	3,806,517
	Securities and other financing instruments issued	2,567,839
Substitutability	Payments settled via payment systems or correspondent banks	640,334,459
	Assets under custody	20,047,724
	Agency and commission-based business	8,448,017
	Number of corporate customers (in 10,000)	1,069
	Number of personal customers (in 10,000)	72,043
	Number of domestic operating institutions	15,907
Complexity	Derivatives	8,416,358
	Securities measured at fair value	804,507
	Assets of non-banking affiliates	1,010,151
	Wealth management business	381,280
	Balance of wealth management products issued by the wealth management subsidiary	1,762,288
	Cross-jurisdictional claims and liabilities	4,646,525

OUTLOOK

2024 marks the 75th anniversary of the founding of the People's Republic of China, a crucial year for achieving the goals and tasks of the 14th Five-Year Plan, and also the first year of the new journey for ICBC after its 40th anniversary. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will firmly follow the path of financial development with Chinese characteristics, uphold the goal of building a strong nation with financial power, focus on the vision of building a world-class modern financial institution with Chinese characteristics, and adhere to the leading role of high-quality Party building for high-quality development and high-level safety. Moreover, the Bank will give full play to the crucial role of high-efficiency reform, endeavor to provide high-quality services, and effectively play the key role in serving the real economy and the ballast stone role in maintaining financial stability.

The Bank will stick to a blueprint to the end, adhere to the combination of strategic heritage and innovation, and consolidate the four strategic layouts of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation". It will deepen the implementation of key strategies of No.1 Personal Bank, Preferred Bank for Foreign Exchange Business, Key Regions and Urban-Rural Collaborative Development, etc., and continue to exert its advantages, fill up the gaps, strengthen the bottom lines and forge new strengths. The Bank will strive to promote the "five transformations" of modern layout, diversified structure, ecological foundation, digital driver and intelligent risk control, and spare no efforts to build an incorruptible, modern, stable, digital and trustworthy ICBC by your side.

Focusing on serving the Chinese modernization, the Bank will take solid steps in "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, actively support the construction of "three major projects" of affordable housing construction, dual-use public infrastructure construction, and urban village reconstruction, and reinforce services to major national strategies, key areas and weak aspects. The Bank will focus on manufacturing and other major businesses, promote the development of new quality productive forces, and lay out the future to build financial infrastructure with ICBC characteristics.

The Bank will adhere to the connotative high-quality development, promote the realization of effective improvement in quality, proper growth in quantity, and precise risk prevention and control, and build a healthier and cleaner balance sheet and a balanced and sustainable income statement. The Bank will continue to grow stronger and do better, consolidate its position as the largest bank, balance the relationship among value creation, market position, risk control and capital constraints, improve operational efficiency and risk resistance capability, and enhance global layout capacity and international competitiveness, to accelerate the building of a strong financial institution.

HOT TOPICS IN THE CAPITAL MARKET

Hot Topic 1: Highlights of High-quality Development

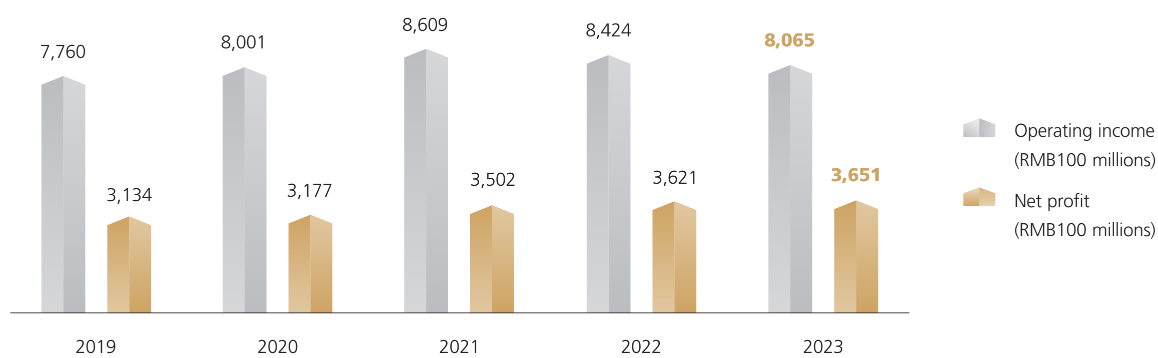
In 2023, the Bank boosted the high-quality economic development with high-standard financial services, pursued the strategy of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation", and improved and reinforced the balance between speed and quality, development and security as well as other important relations. It effectively responded to the evident narrowing of net interest margin, higher volatility of financial market, and more risk control challenges, and achieved **stable** operating results **with sound momentum and improved quality**. The Bank continued to demonstrate the "Strong, Excellent and Large" features, and delivered a remarkable performance to investors.

I. Going All Out to Serve the Real Economy and Effectively Improving Service Quality

The Bank continuously improved the quality and efficiency of financial services, to accurately satisfy the needs of the real economy and effectively help stabilize economic growth. As at the end of 2023, the Group's total assets amounted to nearly RMB45 trillion, maintaining its leading position in the world. **First, total loans increased while loan structure improved.** Loans rose by RMB2.88 trillion or 12.4% over the beginning of the year to RMB26.1 trillion, maintaining a leading position among peers. Highlighting the major responsibilities and core business, the Bank saw a growth of loans to key businesses such as manufacturing, green business, strategic and emerging business, and inclusive services significantly higher than that of total loans. The Bank reasonably arranged the rhythm of lending, and achieved the highest loan balance in recent years. **Second, bond investment increased by over RMB1 trillion.** Bond investment hit a new high of RMB11.36 trillion, representing an increase of RMB1.29 trillion. **Third, deposit competitiveness improved markedly.** Deposits reached RMB33.5 trillion, up RMB3.7 trillion over the beginning of the year, increasing by more than RMB3 trillion for the second consecutive year and continuously giving an impetus to the real economy. Personal and corporate deposits developed in a balanced and coordinated manner. **Fourth, customer base was continuously consolidated.** The Bank was the first among peers to see a number of corporate customers exceeding 12.00 million. A customer ecosystem in which large, medium, small and micro customers were coordinated kept improving. The total number of customers further increased, with the number of personal customers rising to 740 million.

II. Comprehensively Tapping Potential and Improving Efficiency, and Achieving Reasonable Profit Growth

Faced with multiple business challenges, the Bank continuously improved its refined management, stimulated endogenous business momentum, and successfully tackled multiple disadvantages to income. The Group recorded a total operating income of RMB806.5 billion for 2023, with the year-on-year decrease limited to 4.3%. Consequently, net profit rose by 0.8% year-on-year to RMB365.1 billion, hitting a record high.



Note: Since 1 January 2023, the Group has implemented IFRS 17 — Insurance Contracts. In accordance with the Standard, the Group made retroactive adjustments to relevant data and indicators for the comparable periods in 2022.

First, asset and capital investment efficiency remained stable. ROA and ROE were 0.87% and 10.66%, respectively, both maintaining a relatively good level among comparable peers. The Group's NIM was 1.61%, consistent with the change trend of peers. The cost on domestic RMB deposits remained stable with a slight decline, and the interest rate on new time deposits has significantly decreased year-on-year. **Second, the Bank continuously enhanced the stability and sustainability of non-interest income.** In 2023, the Bank generated a non-interest income of RMB151.4 billion, representing a year-on-year increase of 0.7%. Specifically, net fee and commission income amounted to RMB119.4 billion, ranking first among peers; fee-based income from such products as credit card, third-party payment, syndicate arrangement underwriting and management, spot foreign exchange settlement and trading and agency insurance grew remarkably. The Bank recorded other non-interest income of RMB32.1 billion, representing a year-on-year increase of 52.5%. **Third, quality and efficiency improved in a cost-effective manner.** Operating expenses amounted to RMB238.7 billion in 2023, representing a year-on-year decrease of 0.3%. Cost-to-income ratio was 28.28%, showing a good input-output efficiency compared to peers.

III. Making Every Effort to Stabilize Asset Quality and Effectively Forestalling and Controlling Credit Risk

The credit risk control capability was enhanced continuously, and the quality of the Group's credit assets was stable and controllable. **First, core indicators improved steadily.** The Group's NPL ratio decreased by 2BP from the year beginning to 1.36%. The balance of loan allowance stood at RMB756.4 billion, up RMB83.6 billion over the year beginning; allowance to total loans ratio was 2.90%, the same as that at the beginning of the year, and allowance to NPLs ratio was 213.97%, up 4.5 percentage points over the year beginning, indicating that the Bank's risk resistance capacity has been further enhanced. The price scissors between overdue loans and NPLs have remained negative for 15 consecutive quarters. **Second, the investment and financing structure was continuously optimized.** The Bank strengthened planning and guidance, reinforced policy empowerment, and well managed the direction, volume and pace of investment. It made a sound layout for investment and financing business in a forward-looking manner, and continued to promote the management of the shift of existing loans. As a result, the investment and financing structure has been increasingly adapted to the national strategy, regional resource endowment and the Bank's operating capacity, thus effectively preventing structural risk. **Third, the quality and efficiency of risk assets continued to improve.** The Bank continued to promote the intensive, standardized and specialized disposal of NPLs through comprehensively application and innovation of various disposal methods, continuous optimization of the disposal structure and unblocked disposal channels of risk assets, and improved the utilization efficiency of financial resources.

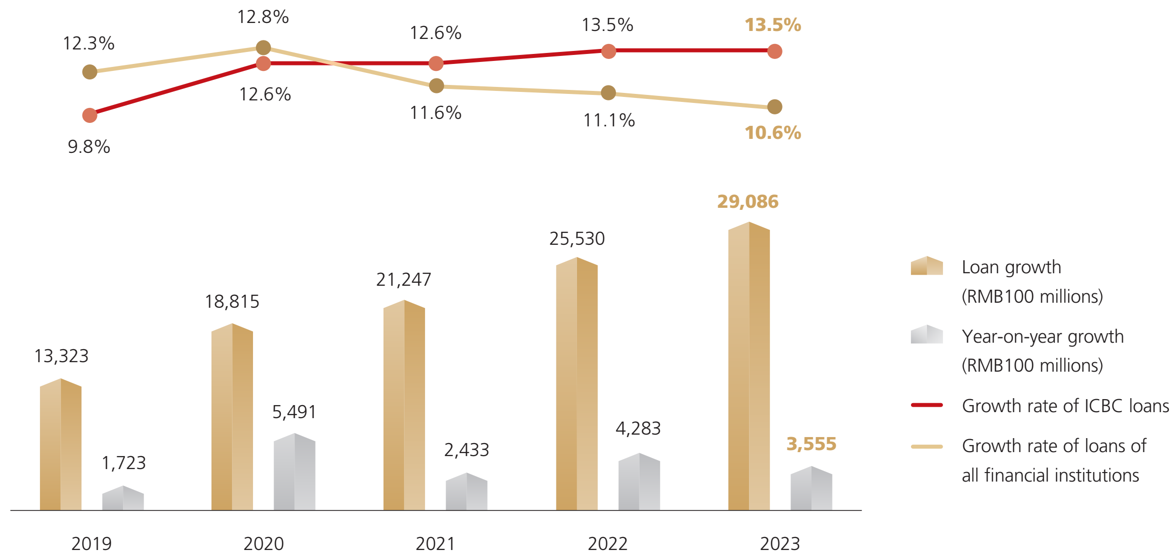
In the next stage, the Bank will adhere to the principle of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old, to improve the quality of financial supply. The Bank will strive to build a clean and healthy balance sheet and a balanced, coordinated, and sustainable income statement, and endeavor to open up new prospects in the course of high-quality development of ICBC.

Hot Topic 2: Constantly Improving the Quality and Efficiency of Serving the Real Economy

In 2023, the Bank continued to implement economic and financial policies, adhered to the principle of commercial sustainability, accurately grasped the market needs during the recovery and development of the real economy, and improved the quantity and quality of financial supply. Meanwhile, the Bank attached importance to the building of a sound business ecosystem, and promoted its high-quality development to bring greater returns to investors.

I. Shouldering the Responsibilities as a Large Bank, and Hitting a Record High in the Total Amount and Growth of Investment and Financing

In 2023, the Bank insisted on producing effect early on and making sufficient efforts to actively support stable growth. At the end of 2023, domestic **RMB loans** (excluding placements with banks and other financial institutions) rose by RMB2.91 trillion over the year beginning, representing a year-on-year increase of RMB355.5 billion, ranking first in the market in terms of balance and growth. The balance of RMB-denominated **bond investment** reached RMB10.5 trillion, up RMB1.28 trillion over the year beginning. The Bank granted **full-spectrum financing** of over RMB4.7 trillion to the real economy by diversified financial services, including on- and off-balance sheet loans, bond investment and equity investment. The growth of such financing hit a record high and maintained a leading position in the market.



Note: The above figure shows the growth of domestic RMB loans.

II. Highlighting Major Responsibilities and Core Business and Contributing to Building a Modern Industrial System

Endeavoring to serving the development of the manufacturing industry. The Bank advanced the construction of a "leading financial service provider for manufacturing", and initiated the Special Plan for Supporting the Development of Advanced Manufacturing Cluster through Financing. The balance of loans to manufacturing exceeded RMB3.8 trillion, representing an increase of over RMB800.0 billion, maintaining a leading position among peers in terms of both total amount and growth. The Bank **comprehensively enhanced infrastructure service capabilities,** and increased loans to key projects such as transportation, water conservancy and energy. Domestic corporate loans increased by RMB2.3 trillion, representing a year-on-year growth of RMB690.1 billion.

III. Optimizing Credit Structure and Strengthening High-quality Financial Services for Key Fields

The advantages of sci-tech innovation finance continued to expand. Special services such as "Chunmiao Action" were carried out, targeting high-tech and SRDI key customer groups. Loans to strategic emerging industries rose by nearly RMB950.0 billion, with a growth rate of over 54%. **To improve and upgrade green finance brand**, the Bank accelerated innovation in financing products such as green bonds, funds, and wealth management. At the end of 2023, green loans by the statistical standard of the NFRA reached nearly RMB5.4 trillion, representing an increase of nearly RMB1.4 trillion over the end of last year, maintaining a leading position among peers in terms of total amount and growth. The Bank deeply implemented the special action of rural revitalization, and **increased the supply of high-quality rural revitalization financial supply**. Agriculture-related loans rose by RMB960.0 billion or over 29%, maintaining a leading position among peers. At the end of 2023, **the growth rate of loans in key areas** such as the Beijing-Tianjin-Hebei Integration, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Chengdu-Chongqing Economic Circle, and the central region **was higher than the average of the Bank**.

IV. Focusing on Value Creation and Steadily Advancing Retail and Inclusive Business

To promote the high-quality development of inclusive finance, the Bank built a digital inclusive center, and boosted the development of small and micro enterprises relying on the three core online businesses "Online Revolving Loan, Quick Lending for Operation and Digital Supply Chain". The balance of inclusive loans exceeded RMB2.2 trillion, representing a growth of 43.7%. **The Bank gave priority to retail loans** and adhered to the No.1 Personal Bank Strategy. In 2023, personal non-mortgage loans increased by RMB562.5 billion, representing a year-on-year growth of RMB342.0 billion. The Bank refined the products such as "Repay as You Wish" and their functions. **Personal business loans** increased by RMB417.1 billion in 2023, representing a year-on-year growth of RMB189.5 billion. Seizing the opportunity for consumption recovery, the Bank saw an increase of more than RMB140.0 billion in the **balance of personal consumption loans and credit card overdrafts**, representing a growth of RMB152.5 billion year-on-year. Actively responding to changes in the real estate market, the Bank expedited business transformation, and granted nearly RMB300.0 billion of **second-hand housing loans** cumulatively in 2023. The proportion of such loans in total housing loans increased by 9.0 percentage points compared to the previous year.

V. Solidifying Operating Foundation and Maintaining a Reasonable Interest Margin

The Bank adhered to the pricing of loan risks, conscientiously implemented the market-oriented adjustment mechanism for deposit interest rates, and promoted the three adjustments of nominal deposit rates and floating points. It guided the optimization of deposit term structure, and made achievements in the cost management and control for cost on RMB deposits.

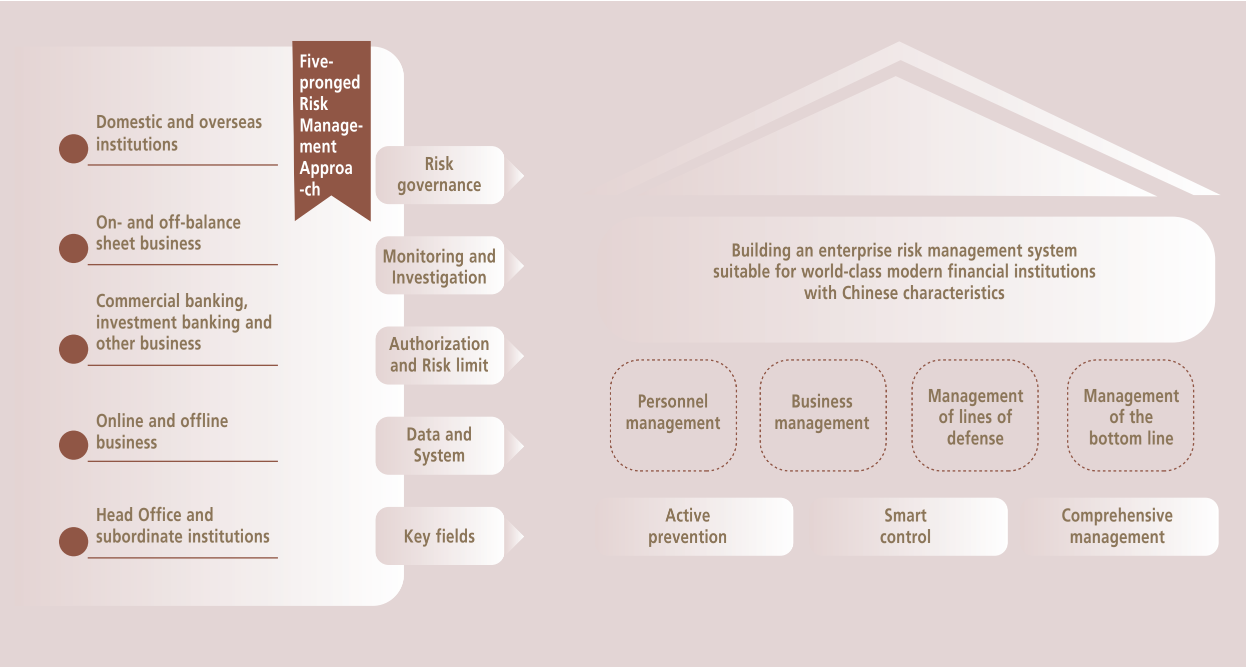
In 2024, the Bank will continue to launch more powerful, consolidated and targeted financial services, focusing on the development of the real economy and customer demand. It will continue to refine the funding supply structure, and achieve high-quality development of credit operations.

Hot Topic 3: Enterprise Risk Management and Asset Quality

Adhering to the eternal theme of preventing and controlling financial risks, the Bank continuously improved the enterprise risk management system of "Five-pronged Risk Management Approach" for domestic and overseas institutions, on- and off-balance sheet business, commercial and investment banking and other business, online and offline business, as well as the Head Office and subordinate institutions. It refined the four-pronged approach to people, money, defense lines, and bottom lines, and reinforced "active prevention, smart control and comprehensive management". The Bank consolidated the three defense lines for risk management, enhanced enterprise risk management capabilities, and served as a cornerstone for ensuring financial stability.

I. Continuously Deepening the "Five-pronged Risk Management Approach" and Comprehensively Upholding Security

The Bank established a risk officer management system, and reinforced the staffing and management of risk officers in the first defense line departments of the Head Office, domestic branches, overseas institutions, and integrated subsidiaries, to improve the quality and efficiency of enterprise risk management. The Bank improved the risk monitoring mechanism of "Five-pronged Risk Management Approach", regularly investigated potential enterprise risks of all institutions, customers and products, and dynamically updated response plans and prevention measures, to respond to risks in a forward-looking manner. The Bank established a sound product risk management system, refined product risk identification, assessment, and review processes, strengthened product catalog and system management, and enhanced product risk control throughout the entire lifecycle. Upholding the risk-neutral philosophy, the Bank strengthened the monitoring and early warning of risks in bond, money, foreign exchange, commodity and stock, and tightened the management of risk limits, to effectively respond to various external risk events and market fluctuations. The Bank further improved the enterprise risk management mechanism, incorporated operational risk and production safety into the enterprise risk management, continuously solidified the bottom line for compliant operations at home and abroad, continuously strengthened information technology and cyber security risk control, and cemented the foundation for management of various risks.



II. Strengthening the Prevention, Resolution and Governance of Risks in Key Fields and Steadily Improving Asset Quality

Adhering to the intelligent credit risk control of "Three Gates and Seven-color Pools", the Bank further applied new credit approval rules to overseas institutions and integrated subsidiaries, intensified investment and financing planning and duration management, promoted the continuous optimization of investment and financing structure, defused risks in key areas in an orderly manner, and achieved positive results in asset quality improvement. At the end of 2023, the Group's NPL ratio was 1.36%, with a decrease of 0.02 percentage points from the year beginning. Following the principles of marketization and commercial sustainability, the Bank maintained a stable and orderly granting of real estate credits, to satisfy the reasonable financing needs of the real estate enterprises. The Bank strengthened intelligent monitoring and early warning of real estate loans, developed differentiated risk control plans for each real estate customer, and accelerated the risk disposal of key real estate enterprises. At the end of 2023, the NPL ratio of loans to the real estate of domestic branches was 5.37%, down 0.77 percentage points over the beginning of the year. In the field of local debts, the Bank, following the principle of business sustainability, granted most of related loans to regions with sound economic and financial strength and appropriate debt taking, and to the market-oriented operation projects with sufficient cash flows from operating activities such as projects vital to the people's livelihood and industrial support projects. The Bank strengthened the risk investigation of existing financing, mitigated risks in a forward-looking manner, and steadily cooperated with local governments to prevent and resolve financing risks by multiple market-oriented methods.

III. Improving Intelligent Risk Management to Effectively Respond to Emerging Risks

The Bank sped up the construction of an enterprise-level intelligent risk control platform, continuously improved the ICBC e-series intelligent risk management systems, and continuously enhanced the capability of early identification, warning, exposure, and resolution of risks, so as to effectively prevent risk contagion across markets, businesses, and fields. The Bank strengthened risk control in the digital environment, covering various elements of the entire digital transformation process, as well as emerging and traditional risks in the digital environment, to support the development of new digital business formats and models. **In terms of model risk management,** the Bank established a sound full-lifecycle management mechanism for model risks, covering the entire process of model development, validation, deployment, evaluation, and exit, so as to enhance the systematic management of model risks. The Bank regularly conducted the centralized inventory and risk assessment of models to strengthen the foundation for centralized and unified management of models. **In terms of climate risk management,** the Bank actively conducted climate risk research, strengthened climate risk rating, monitoring and reporting, and information disclosure, and continuously improved climate risk management mechanisms, according to international regulatory requirements. Based on the stress scenario of the Central Banks and Supervisors Network for Greening the Financial System (NGFS) and the actual conditions in China, the Bank achieved localized calibration of stress scenarios, and established a transmission model related to the transformation risk of climate risk, to conduct climate risk stress testing in a forward-looking manner. **In terms of risk management for investment and financing cooperation institutions,** the Bank expanded the coverage of risk management, continuously improved the access management and collective review of cooperation institutions and products, and strengthened the monitoring and control of risks arising from cooperation institutions and businesses.

Hot Topic 4: Solidifying the Ecological Foundation by GBC+ Projects

In 2023, the Bank promoted the GBC+ projects in a coordinated manner, comprehensively covering eight tasks: GBC interaction, fund undertaking, the "Net Making and Patching" program, sharpening of outlets' competitive edge, construction of mobile banking APP, rural revitalization by urban-rural collaborative development, payment agency service, and merchant marketing. The Bank deepened scenario construction, digital empowerment, channel support, and comprehensive collaboration, achieved **collaboration and mutual promotion and extension of capital chain, customer chain, service chain and value chain,** and consolidated the foundation for high-quality development.

First, the Bank reinforced the customer chain along the capital chain, leveraged the financial advantages of industrial chain and supply chain, identified target customers, and continuously expanded the customer chain, focusing on customers' capital and information flows. The Bank applied digital means to targeted marketing of fund undertaking, provided support for maintaining internal customers and expanding external customers, and promoted the circulation of funds within the Bank. In 2023, the Bank developed 13,219 targeted customers, bringing in new deposits of RMB33.63 billion.

Second, the Bank refined the service chain focusing on the customer chain, and built scenarios and platforms. It exclusively built the "National Coordinated Fund Management System for Pension Insurance", expanded the "ICBC Anxin Asset Management" scenario in an innovative way, and developed the "e-Nong Xin An" migrant worker salary supervision product. The Bank provided GBC customers with a one-stop supply of "finance + government service", "finance + industry", and "finance + people's livelihood", and continuously enhanced customer loyalty.

Third, the Bank improved the value chain relying on the service chain. While actively meeting customers' financial needs, the Bank tapped the commercial value such as an increase in deposits and income, in an effort to improve comprehensive contributions.

In 2023, driven by GBC+ projects, the Bank continuously solidified the foundation for high-quality development, and accelerated the improvement of a balanced and coordinated customer ecosystem.

First, the construction of key scenarios produced the desired results. Focusing on the 26 key GBC+ scenarios at the Head Office level, including medical insurance services, intelligent housing, culture and tourism, and e-CNY promotion, the Bank had cumulatively developed 34 thousand G-end customers (representing a year-on-year increase of 89%), 660 thousand B-end customers (representing a year-on-year increase of 22%), and 120 million C-end active customers (representing a year-on-year increase of 33%), accelerating the improvement of the customer ecosystem. G- and B-end deposits increased by RMB182.2 billion and RMB430.9 billion, respectively, and realized the diversion of C-end payment agency service of RMB2.8 trillion, indicating a remarkable achievement in increase of deposits and diversion.

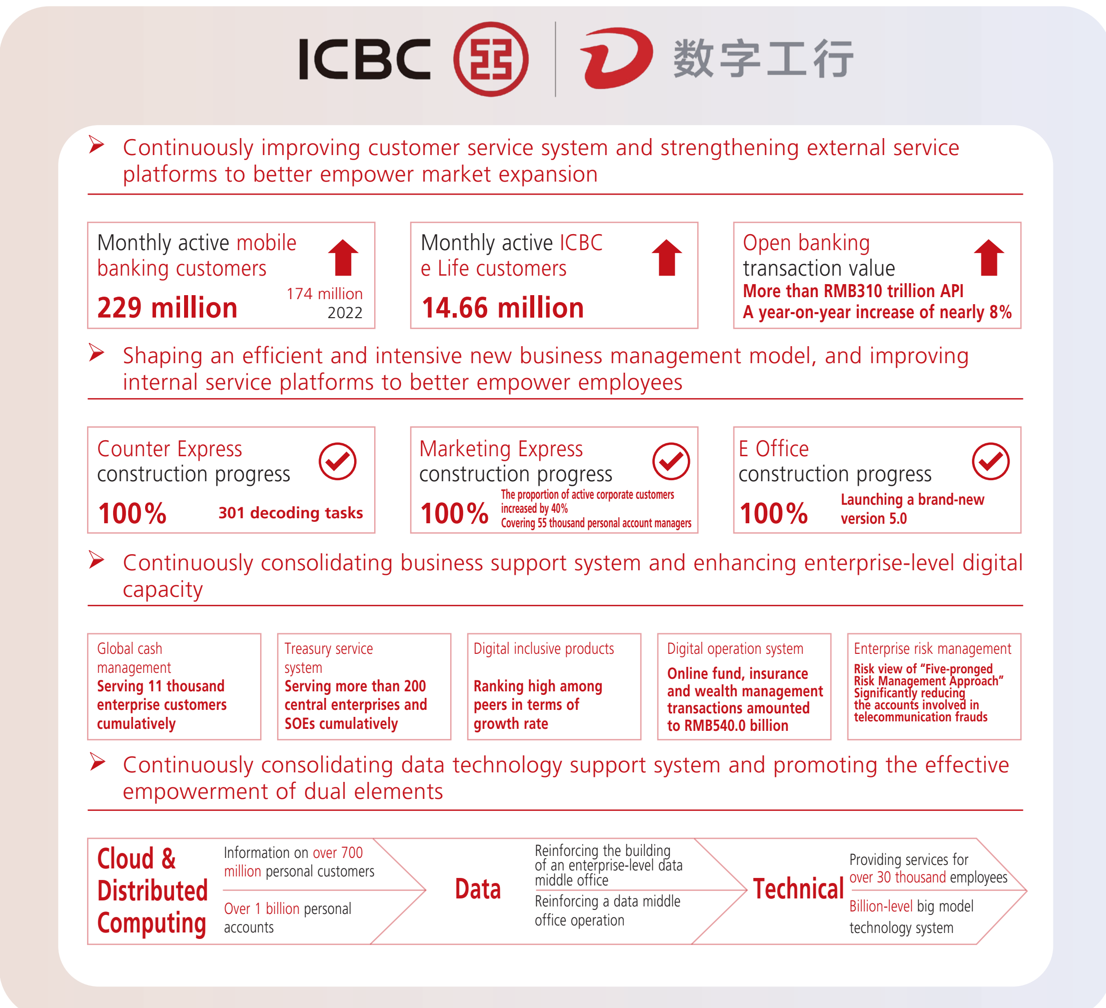
Second, customer expansion and quality improvement were advanced simultaneously. During the reporting period, the number of personal customers increased by nearly 20 million. The number of enterprise customers rose by more than 1.3 million over the year beginning. The number of institutional customers climbed by 50 thousand compared to the year beginning. The number of corporate, institutional and personal customers with average daily financial assets of RMB10 thousand or more increased by 370 thousand, 18 thousand and 5.23 million over the year beginning.

Third, the Bank accelerated the development of key customer groups. The urban-rural collaborative development promoted rural revitalization. There were 2.01 million farmer customers with outstanding loans from the Bank, representing an increase of 51.32% over the year beginning. Agriculture-related loans grew by RMB960.0 billion, with a balance of nearly RMB4.24 trillion, continuing to consolidate the leading advantage among comparable peers. **In terms of payment agency service,** the total number of corporate and personal customers receiving payment agency service from the Bank and the amount of funds paid on behalf of these customers increased steadily. The number of corporate customers of payment agency services reached 898.3 thousand, representing an increase of 84.8 thousand over the year beginning. The number of personal customers receiving payment agency service stood at 110 million, up 960 thousand; the fund paid on behalf of these customers amounted to RMB5.72 trillion, representing a year-on-year increase of RMB337.9 billion or 6.28%. **In terms of merchant marketing,** the Bank developed 4,593 thousand new merchant customers, bringing the total number of merchant customers to 12.12 million. Acquiring transactions amounted to RMB4.49 trillion, representing an increase of 18.4%.

Fourth, channel collaboration momentum went up. In terms of strengthening competitiveness of outlets, the sharpening of outlets' competitive edge has significantly enhanced the "combat capabilities" of outlets. The average savings and corporate deposits of outlets increased by 15.0% and 14.0%, respectively, compared to the beginning of the year, while the average number of high-quality personal and enterprise customers rose by 5.8% and 10.7%, respectively, compared to the beginning of the year. **In terms of mobile banking APP,** the digital comprehensive service capabilities continued to improve, and digital operations achieved practical results, and continued to play a primary role in business operations. As at the end of December, the Bank had 552 million mobile banking customers and 229 million monthly active mobile customers, with an annual cumulative transaction amount of RMB99.6 trillion, both ranking first in the industry. **The online and offline integration has been advanced deeply,** with a penetration rate of 93.0% for mobile banking in-store customers, representing a year-on-year increase of 3.3 percentage points. The value of online personal fund, insurance and wealth management transactions accounted for 97.5% of the total. The penetration rate of mobile banking agency payment customers was 89.7%, representing an increase of 3.4 percentage points year-on-year. The joint combat capabilities of various channels have been enhanced, providing strong support for the implementation of the Bank's key strategies and the development of various work through "one-point access, all-channel response".

Hot Topic 5: Continuous Deepening of D-ICBC

In 2023, the construction of the D-ICBC was quickened, and new momentum and vitality were constantly unleashed. The Bank continuously upgraded and polished key external and internal service platforms, and basically formed a "digital financial service window" with ICBC characteristics, to better serve customers and empower employees. The Bank continued to consolidate the two support systems of business and data technology, and further improved the efficiency of digital services. The Bank's Financial Digital Capability Maturity (FDCM) was the first and only one to obtain the highest level of certification, and the Bank released the industry's first White Paper on Digital Transformation of the Banking Industry (2023), both significantly enhancing the brand influence of D-ICBC.



First, continuously improving customer service system and strengthening external service platforms to better empower market expansion. In terms of open banking, the Bank developed comprehensive solutions for financial empowerment and value transformation, and deepened innovation cooperation, focusing on key scenarios such as digital livelihood, digital villages, digital industry, digital education, and digital government service. The Bank provided "financial + non-financial" digital comprehensive services for large enterprise groups, and consolidated and deepened comprehensive strategic cooperation relationships with them. The Bank continuously enhanced the output capacity of financial services, diversified services, innovated service models, expanded customer base, released special columns of SRDI and inclusive services, introduced third-party industry clouds, and built a "financial expert + business manager" service ecosystem. As at the end of 2023, open banking transactions exceeded RMB313 trillion, maintaining a leading position among peers. In terms of mobile banking, the Bank launched an innovative panoramic financial service system (version 9.0), focusing on five areas: mega wealth, full financing, consumption promotion, strong intelligence, and excellent experience. It refined key high-frequency functions such as login and transfer, pioneered services such as family wealth and minimalist homepage in the industry, and upgraded a new experience of one-stop query and use of customer privileges. As at the end of 2023, the number of monthly active mobile banking customers reached 229 million, ranking first in the industry. ICBC e Life built a new ecosystem of 6.0 platform-based life services, and collaborated with high-quality leading platforms to create eight major ecosystems and three major life circles, significantly improving customers' immersive service experience. As at the end of 2023, ICBC e Life had 14.66 million average monthly active customers and more than 400 thousand merchant customers, maintaining a leading position in the industry.

Second, shaping an efficient and intensive new business management model, and improving internal service platforms to better empower employees. The Bank completed the construction of the main functions of the Counter Express, developed a new digital service terminal in an innovative manner, and cultivated remote on-site integrated service capabilities for outlets based on audiovisual technology. The Bank promoted the scenario-based reconstruction of difficult business processes such as account opening, cancellation and change, account unlocking, and wealth inheritance. It accelerated the promotion of online booking services, laying a foundation for the transition of outlets towards light operations. The Bank upgraded the Marketing Express, and enhanced account manager service efficiency through the integration of marketing tasks, business performance, portrait views, and entrance of contact points. The smart office platform launched a brand-new version of ICBC e Office 5.0 centered on users, and promoted a series of user experience services such as "My To-do List" and "Satisfaction Assessment". It accelerated the integration and satisfactory operation of platforms and systems, greatly simplified office procedures, and improved employees' work efficiency.

Third, continuously consolidating business support system and enhancing enterprise-level digital capacity. The digital product system has been increasingly rich. The Bank leveraged its advantages of a global clearing network to upgrade global cash management services such as "ICBC Global Pay", providing strong support for the global operation and digital transformation of multinational institutions. The Bank enhanced the capability of one-stop, comprehensive, and digital services for enterprises' financial and asset management, continuously improved the treasury service system, and assisted in building the treasury system for large and medium-sized customers. It has served more than 200 large group customers, maintaining a leading position in the industry. The Bank optimized cloud services such as financial and asset management cloud, assisted small and medium-sized enterprises in digital transformation, and provided financial digital services for more than five thousand enterprises cumulatively. The Bank launched the enterprise manager cloud for micro, small and medium-sized enterprises, and developed four service segments: Salary Manager, Account Manager, Bill Manager, and Fee Manager, to comprehensively empower the digital transformation of medium, small and micro customers. As at the end of 2023, 37 branches had completed platform registration for 180 thousand customers. The Bank strengthened the supply of digital inclusive products, launched a new product "Personal e-Enterprise Quick Loan" for self-employed businesses, farmers and other customers in an innovative way, and upgraded and optimized digital inclusive products such as Quick Lending for Operation, Online Revolving Loan, and Digital Supply Chain, to fully meet the needs of small and micro enterprises for credit, collateral, and transaction financing. As at the end of 2023, the balance of inclusive loans exceeded RMB2.2 trillion, maintaining a leading position among peers in terms of growth rate. The Bank established a sound digital operation system, continuously polished the three digital operation platforms of personal, corporate, and online banking, and enhanced the capability of enterprise-level customers, products, flows, activities, data, and overall collaborative operation. In 2023, over 70 thousand digital operation strategies were deployed, with a focus on intensive operations for midtier and long-tail customers, driving the sales of funds, insurance, and wealth management products to over RMB540.0 billion on online platforms. The Bank enhanced enterprise risk management capability and advanced the intelligent transformation of risk management. The Bank upgraded the enterprise-level risk data platform, strengthened data penetration within the Group, and achieved the "Five-pronged Risk Management Approach" view. The Bank improved the joint risk prevention and control system, and significantly reduced the accounts involved in telecommunications fraud. The Bank offered risk prevention and control tools and services to over 400 peers, improving overall risk prevention and control in the industry.

Fourth, continuously consolidating data technology support system and promoting the effective empowerment of dual elements. In terms of data support, new progress has been made in the cultivation of data capabilities. The Bank won the title of "2022 Top Ten Brand-name Enterprises for Data Management" at the China Data Governance Annual Conference. It also won the award of the "Best Data Management Implementation" conferred by *The Asian Banker*. The Bank strengthened the construction of an enterprise-level data middle office, and introduced more external data such as government affairs, operators and internet companies in compliance with regulations. The Bank established an operation center for the data middle office to drive business model transformation with richer data elements and new data service models. Focusing on digital customer identification, acquisition, activation and retention, the Bank promoted high-value data analysis products to empower grassroots and reduce their burden. The Bank's customer segmentation project was awarded the "Best Data Analysis Project" by *The Asset*. Its data security management kept improving. In terms of technical support system, the Bank took the lead in the industry to complete the largest and most important technical architecture transformation of retail banking segment. The availability rate of the Bank's information system has reached a high level of over 99.99%. A high-availability and disaster recovery guarantee system has been refined to systematically enhance cyber security capabilities. The Bank was the first among domestic peers to build a billion-level AI big model technology system and put it into operation. It continued to deepen the construction of digital employees, undertaking the workload of more than 30 thousand natural persons in various scenarios, so as to empower employees and reduce their burden.

Details of Changes in Share Capital and Shareholding of Substantial Shareholders

Changes in Ordinary Shares

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2022		Increase/decrease during the reporting period	At 31 December 2023	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	–	–	–	–	–
II. Shares not subject to restrictions on sales	**356,406,257,089**	**100.00**	–	**356,406,257,089**	**100.00**
1. RMB-denominated ordinary shares	269,612,212,539	75.65	–	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.35	–	86,794,044,550	24.35
III. Total number of shares	**356,406,257,089**	**100.00**	–	**356,406,257,089**	**100.00**

Notes: (1) The above data are based on the Equity Structure Chart issued by China Securities Depository and Clearing Corporation Limited.

(2) "Foreign shares listed overseas", namely H shares, are within the same meaning as defined in the "No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Corporate Shareholding" (Revision 2022) of CSRC.

(3) Due to rounding, percentages presented herein are for reference only.

Details of Securities Issuance and Listing

During the reporting period, the Bank did not issue any shares, did not have any employee shares, employee stock ownership plan, did not issue any convertible bonds, or corporate bonds to be disclosed in accordance with Chapter II, Section 9 of the "No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report (Revision 2021)" issued by CSRC.

For details on the issuance of preference shares of the Bank, please refer to the section headed "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Preference Shares".

For details on the issuance progress of tier 2 capital bonds and undated additional tier 1 capital bonds of the Bank during the reporting period, please refer to the section headed "Discussion and Analysis — Capital Management".

For information on other securities issued by the Bank and its subsidiaries, please refer to "Note 36. to the Consolidated Financial Statements: Debt Securities Issued; Note 39. to the Consolidated Financial Statements: Other Equity Instruments" for details.

Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 646,115 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 108,162 holders of H shares and 537,953 holders of A shares. As at the end of the month immediately before the annual results announcement date (29 February 2024), the Bank had a total number of 605,300 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 ORDINARY SHAREHOLDERS OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease of shares during the reporting period	Number of shares held at the end of reporting period	Shareholding percentage (%)	Number of pledged/ locked-up/ marked shares
Huijin[5]	State-owned	A Share	286,807,989	124,004,660,940	34.79	None
MOF	State-owned	A Share	–	110,984,806,678	31.14	None
HKSCC Nominees Limited[6]	Foreign legal person	H Share	-1,215,755	86,144,120,606	24.17	Unknown
SSF[7]	State-owned	A Share	–	12,331,645,186	3.46	None
China Securities Finance Co., Ltd.	State-owned legal person	A Share	–	2,416,131,540	0.68	None
Hong Kong Securities Clearing Company Limited[8]	Foreign legal person	A Share	353,764,334	2,253,843,255	0.63	None
Central Huijin Asset Management Co., Ltd.	State-owned legal person	A Share	–	1,013,921,700	0.28	None
ICBC — SSE 50 Exchange Traded Securities Investment Funds[9]	Other entities	A Share	127,033,942	427,259,195	0.12	None
Hexie Health Insurance Co., Ltd. — Universal insurance products	Other entities	A Share	321,384,187	372,432,300	0.10	None
Industrial and Commercial Bank of China — Huatai-PB CSI 300 ETF[10]	Other entities	A Share	118,415,100	261,775,057	0.07	None

Notes:

(1) The above data are based on the Bank's register of shareholders as at 31 December 2023.

(2) The Bank had no shares subject to restrictions on sales.

(3) HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Huijin. Save as disclosed above, the Bank is not aware of any connected relations or acting-in-concert relations among the aforementioned shareholders.

(4) Except to the extent unknown to HKSCC Nominees Limited, the top 10 shareholders of the Bank did not participate in any margin trading, short selling or refinancing business.

(5) According to Industrial and Commercial Bank of China Limited's Announcement in Relation to Increase in Shareholding of the Bank by Its Controlling Shareholders published by the Bank dated 11 October 2023, Huijin intended to continue to increase, in its own capacity, its shareholding in the Bank by acquiring shares of the Bank in the secondary market within the next six months commencing from the date of the increase in shareholding. As at the end of the month immediately before the annual results announcement date (29 February 2024), Huijin cumulatively increased its holding of 286,807,989 A shares of the Bank from the date of the increase in shareholding, accounting for approximately 0.08% of the Bank's total share capital.

(6) The number of shares held by HKSCC Nominees Limited at the end of the period refers to the total number of H shares held by it as a nominee on behalf of all institutional and individual investors registered with accounts opened with HKSCC Nominees Limited as at 31 December 2023, which included H shares of the Bank held by Ping An Asset Management Co., Ltd., SSF and Temasek Holdings (Private) Limited.

(7) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of SSF in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by SSF to the Bank, SSF also held 6,836,411,180 H shares of the Bank and 19,168,056,366 A and H shares in aggregate, accounting for 5.38% of the Bank's total ordinary shares.

(8) The number of shares held by Hong Kong Securities Clearing Company Limited at the end of the period refers to the total A shares (Northbound shares of the Shanghai-Hong Kong Stock Connect) held by it as a nominal holder designated by and on behalf of Hong Kong and foreign investors as at 31 December 2023.

(9) "ICBC — SSE 50 Exchange Traded Securities Investment Funds" are securities investment funds raised as approved by CSRC Zheng Jian Ji Jin Zi [2004] No. 196 Document dated 22 November 2004, with China Asset Management Co., Ltd. as the fund manager and ICBC as fund custodian.

(10) The "Industrial and Commercial Bank of China Limited — Huatai-PB CSI 300 ETF" is a securities investment fund approved by CSRC in CSRC Document [2012] No. 392 dated 23 March 2012. Huatai-PineBridge Fund Management Co., Ltd. acts as the fund manager and ICBC acts as the fund custodian.

Particulars of Substantial Shareholders

During the reporting period, the Bank's controlling shareholders and de facto controller remained unchanged.

Controlling Shareholders

The largest single shareholder of the Bank is Huijin, whose full name is Central Huijin Investment Ltd. Huijin is a state-owned company founded by the State according to the Company Law on 16 December 2003. Its registered capital is equal to its paid-in capital at RMB828,209 million. Its registered address is New Poly Plaza, 1 Chaoyangmen North Street, Dongcheng District, Beijing. Its unified social credit code is 911000007109329615, and its legal representative is Peng Chun. Huijin is a wholly-owned subsidiary of China Investment Corporation. In accordance with authorization by the State Council, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not engage in any other business activities, and does not intervene in the day-to-day business operations of the key state-owned financial institutions it controls.

As at 31 December 2023, Huijin held approximately 34.79% shares of the Bank. It held shares directly in the institutions listed below:

No.	Company name	Huijin's shareholding percentage
1	China Development Bank Corporation	34.68%
2	Industrial and Commercial Bank of China ★☆	34.79%
3	Agricultural Bank of China Limited ★☆	40.14%
4	Bank of China Limited ★☆	64.13%
5	China Construction Bank Corporation ★☆	57.14%
6	China Everbright Group Ltd.	63.16%
7	China Export & Credit Insurance Corporation	73.63%
8	China Reinsurance (Group) Corporation ☆	71.56%
9	China Jianyin Investment Limited	100.00%
10	China Galaxy Financial Holdings Company Limited	69.07%
11	Shenwan Hongyuan Group Co., Ltd. ★☆	20.05%
12	New China Life Insurance Company Limited ★☆	31.34%
13	China International Capital Corporation Limited ★☆	40.11%
14	Zhong Hui Life Insurance Co., Ltd.	80.00%
15	Hengfeng Bank Co., Ltd.	53.95%
16	Bank of Hunan Corporation Limited	20.00%
17	Jiantou CITIC Asset Management Co., Ltd. ★☆	30.76%
18	China Galaxy Asset Management Co., Ltd.	13.30%
19	Guotai Junan Investment Management Co., Ltd.	14.54%

Notes: (1) ★ represents A share listed company, while ☆ represents H share listed company.

(2) Except the above-mentioned controlling or equity participating enterprises, Huijin also has a wholly-owned subsidiary — Central Huijin Asset Management Co., Ltd. Central Huijin Asset Management Co., Ltd. was incorporated in November 2015 in Beijing. With a registered capital of RMB5 billion, the company runs an asset management business.

The second single largest shareholder of the Bank is MOF, which held approximately 31.14% shares of the Bank as at 31 December 2023. MOF is a department under the State Council, and is responsible for overseeing the State's fiscal revenue and expenditure, formulating the fiscal and taxation policies, and supervising State finance at a macro level.

Particulars of Other Substantial Shareholders

SSF. SSF owned 5.38% of the shares of the Bank as at 31 December 2023. Founded in August 2000, SSF is a public service institution administered by MOF, having its address at South Tower, Building 11, Fenghuiyuan Fenghui Times Building, Xicheng District, Beijing, China, and its legal representative being Liu Wei. With the approval of the State Council and pursuant to regulations of MOF and the Ministry of Human Resources and Social Security, SSF has been entrusted to manage the following funds: the National Social Security Fund, the subsidy from central government to individual accounts, part of the surplus of the enterprise employee's basic pension insurance, basic pension insurance fund and the partial state-owned capital transferred.

Particulars of the De Facto Controller

None.

Interests and Short Positions Held by Substantial Shareholders and Other Persons

Substantial Shareholders and Persons Having Notifiable Interests or Short Positions Pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong

As at 31 December 2023, the Bank received notices from the following persons about their interests or short positions held in the Bank's ordinary shares and underlying shares, which were recorded in the register pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong as follows:

HOLDERS OF A SHARES

Name of substantial shareholder	Capacity	Number of A shares held (share)	Nature of interests	Percentage of A shares (%)	Percentage of total ordinary shares (%)
Huijin[1]	Beneficial owner	123,717,852,951	Long position	45.89	34.71
	Interest of controlled corporations	1,013,921,700	Long position	0.38	0.28
	Total	124,731,774,651		46.26	35.00
MOF	Beneficial owner	110,984,806,678	Long position	41.16	31.14

Notes: (1) According to the register of shareholders of the Bank, as at 31 December 2023, Huijin held 124,004,660,940 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Huijin, held 1,013,921,700 shares in the Bank.

(2) Due to rounding, percentages presented herein are for reference only.

HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares (%)	Percentage of total ordinary shares (%)
Ping An Asset Management Co., Ltd.[(1)]	Investment manager	12,137,786,000	Long position	13.98	3.41
SSF[(2)]	Beneficial owner	6,938,013,180	Long position	7.99	1.95
Temasek Holdings (Private) Limited	Interest of controlled corporations	6,065,074,305	Long position	6.99	1.70

Notes: (1) As confirmed by Ping An Asset Management Co., Ltd., such shares were held by Ping An Asset Management Co., Ltd. on behalf of certain customers (including but not limited to Ping An Life Insurance Company of China, Ltd.) in its capacity as investment manager and the interests in such shares were disclosed based on the latest disclosure of interests form filed by Ping An Asset Management Co., Ltd. for the period ended 31 December 2023 (the date of relevant event being 31 January 2023). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by SSF to the Bank, SSF held 6,836,411,180 H shares of the Bank as at the end of the reporting period, accounting for 7.88% of the Bank's H shares and 1.92% of the Bank's total ordinary shares.

(3) Due to rounding, percentages presented herein are for reference only.

Preference Shares

Issuance and Listing of Preference Shares in the Past Three Years

The Bank did not issue any preference shares in the past three years.

Number of Preference Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had one offshore preference shareholder (or proxy), 27 domestic preference shareholders of "工行優1" and 37 domestic preference shareholders of "工行優2". As at the end of the month immediately before the annual results announcement date (29 February 2024), the Bank had one offshore preference shareholder (or proxy), 29 domestic preference shareholders of "工行優1" and 37 domestic preference shareholders of "工行優2".

PARTICULARS OF SHAREHOLDING OF THE TOP 10 OFFSHORE PREFERENCE SHAREHOLDERS (OR PROXIES) OF THE BANK

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
The Bank of New York Depository (Nominees) Limited	Foreign legal person	USD offshore preference shares	–	145,000,000	100	–	Unknown

Notes: (1) The above data are based on the Bank's register of offshore preference shareholders as at 31 December 2023.

(2) As the issuance of the offshore preference shares above was non-public offering, the register of preference shareholders presented the information on the registered holder of the offshore preference shares.

(3) The Bank is not aware of any connected relations or acting-in-concert relations between the aforementioned preference shareholder and top 10 ordinary shareholders.

(4) "Shareholding percentage" refers to the percentage of offshore preference shares held by preference shareholders in total number of offshore preference shares.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF "工行優1"

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	200,000,000	44.4	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	11.1	–	None
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	35,000,000	7.8	–	None
Ping An Life Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	30,000,000	6.7	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	15,000,000	3.3	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	13,110,000	2.9	–	None
Sun Life Everbright Asset Management Co., Ltd.	State-owned legal person	Domestic preference shares	11,715,000	11,715,000	2.6	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	-6,800,000	11,200,000	2.5	–	None
China National Tobacco Corporation Shandong Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
China National Tobacco Corporation Heilongjiang Branch	Other entities	Domestic preference shares	–	10,000,000	2.2	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	10,000,000	2.2	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of "工行優1" as at 31 December 2023.

(2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or acting-in-concert relations among the aforementioned preference shareholders and among the aforementioned preference shareholders and top 10 ordinary shareholders.

(3) "Shareholding percentage" refers to the percentage of domestic preference shares of "工行優1" held by preference shareholders in total number (450 million shares) of domestic preference shares of "工行優1".

PARTICULARS OF SHAREHOLDING OF THE TOP 10 DOMESTIC PREFERENCE SHAREHOLDERS OF "工行優2"

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease during the reporting period	Shares held at the end of the period	Shareholding percentage (%)	Number of shares subject to restrictions on sales	Number of pledged/ locked-up/ marked shares
China Life Insurance Company Limited	State-owned legal person	Domestic preference shares	–	120,000,000	17.1	–	None
Hwabao Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	112,750,000	16.1	–	None
China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	–	100,000,000	14.3	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	64,000,000	9.1	–	None
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	-17,500,000	52,500,000	7.5	–	None
China National Tobacco Corporation	Other entities	Domestic preference shares	–	50,000,000	7.1	–	None
Jiangsu International Trust Co., Ltd.	State-owned legal person	Domestic preference shares	–	37,250,000	5.3	–	None
Everbright Securities Asset Management Co., Ltd.	State-owned legal person	Domestic preference shares	27,600,000	30,700,000	4.4	–	None
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Ping An Property & Casualty Insurance Company of China, Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	None

Notes: (1) The above data are based on the Bank's register of domestic preference shareholders of "工行優2" as at 31 December 2023.

(2) Shanghai Tobacco Group Co., Ltd., China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are all wholly-owned subsidiaries of China National Tobacco Corporation. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. have connected relations. Sun Life Everbright Asset Management Co., Ltd. and Everbright Securities Asset Management Co., Ltd. have connected relations. Save as disclosed above, the Bank is not aware of any connected relations or acting-in-concert relations among the aforementioned preference shareholders and among the aforementioned preference shareholders and top 10 ordinary shareholders.

(3) "Shareholding percentage" refers to the percentage of domestic preference shares of "工行優2" held by preference shareholders in total number (700 million shares) of domestic preference shares of "工行優2".

Dividend Distribution of Preference Shares

As per the resolution and authorization of the General Meeting, the Bank reviewed and approved the Proposal on Distribution of Dividends for "工行優2" and Offshore USD Preference Shares at the meeting of its Board of Directors on 30 August 2023, permitting the Bank to distribute the dividends on domestic preference shares "工行優2" on 25 September 2023 and on the offshore USD preference shares on 25 September 2023; the Bank reviewed and approved the Proposal on Distribution of Dividends for "工行優1" at the meeting of its Board of Directors on 27 October 2023, permitting the Bank to distribute the dividends on domestic preference shares "工行優1" on 23 November 2023.

Dividends on the Bank's domestic preference shares "工行優1" and "工行優2" are paid annually in cash, and calculated based on the aggregate par value of the issued domestic preference shares. Dividends on the Bank's domestic preference shares are non-cumulative. Holders of domestic preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the domestic preference share issuance proposal, the Bank distributed dividends of RMB2,061 million (pre-tax) on the domestic preference share "工行優1" at a dividend rate of 4.58% (pre-tax); and distributed dividends of RMB2,940 million (pre-tax) on the domestic preference share "工行優2" at a dividend rate of 4.2% (pre-tax).

Dividends on the Bank's offshore USD preference shares are paid annually in cash, and calculated based on the liquidation preference of the offshore preference shares. Dividends on the Bank's offshore USD preference shares are non-cumulative. Holders of offshore USD preference shares are only entitled to dividends at the prescribed dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares. According to the dividend distribution plan in the offshore USD preference share issuance proposal, total dividends of about USD115.36 million (pre-tax) on the offshore USD preference shares were distributed in USD at a dividend rate of 3.58% (after-tax). According to relevant laws, when the Bank distributes dividends for offshore USD preference shares, the enterprise income tax shall be withheld by the Bank at a rate of 10%. According to the requirements of the terms and conditions of the offshore USD preference shares, the Bank paid the relevant taxes, included in the dividends for offshore USD preference shares.

The table below shows the distribution of dividends on preference shares by the Bank in the past three years:

	2023		2022		2021	
Type of preference shares	Dividend rate	Dividend distributed[(1)]	Dividend rate	Dividend distributed[(1)]	Dividend rate	Dividend distributed[(1)]
Domestic preference share "工行優1"	4.58%	RMB2,061 million	4.58%	RMB2,061 million	4.58%	RMB2,061 million
Domestic preference share "工行優2"	4.20%	RMB2,940 million	4.20%	RMB2,940 million	4.20%	RMB2,940 million
Offshore EUR preference shares[(2)]	N/A	N/A	N/A	N/A	6.00%	EUR40 million
Offshore USD preference share[(3)]	3.58%	About USD115.36 million	3.58%	About USD115.36 million	3.58%	About USD115.36 million

Notes: (1) Dividend distributed is tax included.

(2) Offshore EUR preference shares refer to EUR0.6 billion preference shares issued offshore by the Bank at a dividend rate of 6.00% in 2014. The Bank redeemed the above offshore EUR preference shares on 10 December 2021.

(3) Offshore USD preference share refers to USD2.9 billion preference shares issued offshore by the Bank at a dividend rate of 3.58% in 2020.

The above-mentioned preference share dividend distribution plans have been fulfilled. For particulars of the Bank's distribution of dividends on preference shares, please refer to the announcements of the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

Redemption or Conversion of Preference Shares

During the reporting period, the Bank did not redeem or convert any preference share.

Restoration of Voting Rights of Preference Shares

During the reporting period, the Bank did not restore any voting right of preference share.

Accounting Policy Adopted for Preference Shares and Rationale

According to the Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Accounting Standard for Business Enterprises No. 37 — Presentation of Financial Instruments promulgated by MOF as well as the International Financial Reporting Standard 9 — Financial Instruments and the International Accounting Standard 32 — Financial Instruments: Presentation promulgated by International Accounting Standards Board and other accounting standards and the key terms of issuance of the Bank's preference shares, the issued and existing preference shares do not contain contractual obligations to deliver cash or other financial assets or contractual obligations to deliver variable equity instruments for settlement, and shall be accounted for as other equity instruments.

Basic Information on Directors, Supervisors and Senior Management

Name	Position	Gender	Birth year	Tenure
Liao Lin	Chairman, Executive Director	Male	1966	Since July 2020
Wang Jingwu	Executive Director, Senior Executive Vice President, Chief Risk Officer	Male	1966	Since September 2021
Lu Yongzhen	Non-executive Director	Male	1967	Since August 2019
Feng Weidong	Non-executive Director	Male	1964	Since January 2020
Cao Liqun	Non-executive Director	Female	1971	Since January 2020
Chen Yifang	Non-executive Director	Female	1964	Since August 2021
Dong Yang	Non-executive Director	Male	1966	Since January 2022
Yang Siu Shun	Independent Non-executive Director	Male	1955	Since April 2016
Shen Si	Independent Non-executive Director	Male	1953	Since March 2017
Fred Zuliu Hu	Independent Non-executive Director	Male	1963	Since April 2019
Norman Chan Tak Lam	Independent Non-executive Director	Male	1954	Since September 2022
Herbert Walter	Independent Non-executive Director	Male	1953	Since March 2024
Huang Li	Employee Supervisor	Male	1964	Since June 2016
Zhang Jie	External Supervisor	Male	1965	Since November 2021
Liu Lanbiao	External Supervisor	Male	1966	Since June 2022
Zhang Weiwu	Senior Executive Vice President	Male	1975	Since June 2021
Duan Hongtao	Senior Executive Vice President	Male	1969	Since March 2023
Yao Mingde	Senior Executive Vice President	Male	1970	Since March 2024
Guan Xueqing	Board Secretary	Male	1963	Since July 2016
Xiong Yan	Chief Business Officer	Female	1964	Since April 2020
Song Jianhua	Chief Business Officer	Male	1965	Since April 2020
Tian Fenglin	Chief Business Officer	Male	1967	Since December 2023
Directors, Supervisors and Senior Management Leaving Office				
Chen Siqing	Chairman, Executive Director	Male	1960	May 2019-February 2024
Zheng Guoyu	Executive Director, Senior Executive Vice President	Male	1967	December 2021-April 2023
Anthony Francis Neoh	Independent Non-executive Director	Male	1946	April 2015-March 2024
Wu Xiangjiang	Employee Supervisor	Male	1962	September 2020-January 2023
Zhang Wenwu	Senior Executive Vice President	Male	1973	July 2020-March 2024
Xie Taifeng	Chief Business Officer	Male	1972	September 2023-September 2023

Notes: (1) Please refer to the section headed "Appointment and Removal".

(2) The terms of Mr. Liao Lin, Mr. Zheng Guoyu and Mr. Wang Jingwu as Executive Directors of the Bank are set out in the above table. Please refer to the section headed "Biographies of Directors, Supervisors and Senior Management" for the starting time of terms of Mr. Liao Lin and Mr. Wang Jingwu as Senior Management members of the Bank. Mr. Liao Lin has acted as Chairman of the Bank since February 2024. Mr. Zheng Guoyu acted as Senior Executive Vice President of the Bank from September 2021 to April 2023.

(3) According to the Articles of Association of the Bank, before the newly elected directors take office, the current directors shall continue to act as directors.

(4) According to the regulations of CSRC, the commencement date of a re-elected director or supervisor's tenure as indicated in the above table shall be the day of his/her first appointment. According to the Articles of Association of the Bank, the term of the Bank's directors and supervisors is three years and they can be re-elected and reappointed upon expiration of their term.

(5) During the reporting period, the Bank did not implement any share incentives. None of the existing directors, supervisors and senior management members of the Bank or those who left office during the reporting period held shares or share options or were granted restricted shares of the Bank, and there was no change during the reporting period.

Biographies of Directors, Supervisors and Senior Management

Liao Lin, Chairman, Executive Director

Mr. Liao has served as Chairman and Executive Director of the Bank since February 2024, and Executive Director of the Bank since July 2020. He served as Senior Executive Vice President, Senior Executive Vice President and concurrently Chief Risk Officer, Vice Chairman, Executive Director and President as of November 2019. Mr. Liao joined China Construction Bank in 1989, and was appointed as Deputy General Manager of Guangxi Branch of China Construction Bank, General Manager of Ningxia Branch, Hubei Branch and Beijing Branch of China Construction Bank, Chief Risk Officer, Executive Vice President and concurrently Chief Risk Officer of China Construction Bank. Mr. Liao graduated from Guangxi Agricultural University. He obtained a Doctorate degree in Management Science from Southwest Jiaotong University. Mr. Liao is a senior economist.

Wang Jingwu, Executive Director, Senior Executive Vice President, Chief Risk Officer

Mr. Wang has served as Executive Director, Senior Executive Vice President and concurrently Chief Risk Officer since September 2021, and as Senior Executive Vice President of the Bank since April 2020. He joined PBC in August 1985, and has successively served as Supervision Commissioner (Deputy Director level) of PBC Shijiazhuang Central Sub-branch, Head of PBC Shijiazhuang Central Sub-branch and concurrently Director of State Administration of Foreign Exchange ("SAFE") Hebei Branch, Head of PBC Hohhot Central Sub-branch and concurrently Director of SAFE Inner Mongolia Branch, Head of PBC Guangzhou Branch and concurrently Director of SAFE Guangdong Branch, and Director-General of PBC Financial Stability Bureau since January 2002. Mr. Wang graduated from the Hebei Banking School, and he received a Doctorate degree in Economics from Xi'an Jiaotong University. He is a research fellow.

Lu Yongzhen, Non-executive Director

Mr. Lu has served as Non-executive Director of the Bank since August 2019. He joined Huijin in 2019. Mr. Lu previously served as Deputy Director of the Administrative Office of the Economic Research Consultation Centre of the State Economic and Trade Commission, Director of the Specific Research Department of the Economic Research Centre of the State Economic and Trade Commission, Director of the Capital Markets Research Department of the Research Centre of the State-owned Assets Supervision and Administration Commission of the State Council, and Director Assistant of the Research Centre of the State-owned Assets Supervision and Administration Commission of the State Council with the concurrent post as the Director of the Capital Markets Research Department, and Deputy Director of the Research Centre of the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Lu obtained a Bachelor's degree and a Master's degree from Peking University, and a Doctorate degree in Economics from Southwestern University of Finance and Economics. He is a researcher.

Feng Weidong, Non-executive Director

Mr. Feng has served as Non-executive Director of the Bank since January 2020. He joined MOF in 1986. He previously served as Deputy Director of Academic Affairs Division of Chinese Accounting Correspondence School of MOF (deputy division chief level), Person in charge of Teaching Material Department of National Accountant Certification Examination Leading Group Office, Director of Accounting Personnel Management Division and Director of Institutional System Division I of Accounting Department of MOF, Deputy Director (deputy director-general level), Deputy Director (person in charge), Director (director-general level), Secretary of the Party Committee and Director of National Accountant Assessment & Certification Centre of MOF, and member of the Accounting Conceptual Framework Committee of the International Public Sector Accounting Standards Board (IPSASB). He concurrently serves as a Managing Director of the 9th Council of the Accounting Society of China, a part-time professor and off-campus practice tutor for postgraduate students of the School of Economics and Management of Beijing Jiaotong University, and a visiting tutor for postgraduate students in the Accounting School of the Central University of Finance and Economics. Mr. Feng obtained a Bachelor's degree in Economics from Dongbei University of Finance & Economics and Doctorate degree from Beijing Jiaotong University. Mr. Feng Weidong is a senior accountant, researcher, non-practicing certified public accountant and is a recipient of the Special Government Allowance by the State Council of China.

Cao Liqun, Non-executive Director

Ms. Cao has served as Non-executive Director of the Bank since January 2020. She joined Huijin in 2020. Ms. Cao previously served as Deputy Director of Regulations Division, General Affairs Department, Director of Regulations Division, General Affairs Department, Director of Non-Financial Institutions Inspection Division, Supervision and Inspection Department, Director of General Affairs Division, Supervision and Inspection Department, Deputy Director-General of Supervision and Inspection Department, Inspector of General Affairs Department (Policy and Regulation Department), Level-Two Inspector of General Affairs Department (Policy and Regulation Department) of State Administration of Foreign Exchange, and acted as Deputy Director of Administrative Committee of Beijing's Zhongguancun Science Park. Ms. Cao obtained a Bachelor's degree in Law from China University of Political Science and Law, a Master's degree in Finance from Renmin University of China, and a Master's degree in Public Administration from Peking University. Ms. Cao is an economist.

Chen Yifang, Non-executive Director

Ms. Chen has served as Non-executive Director of the Bank since August 2021. She joined MOF in August 1985. She previously served as Deputy Division Chief of Payment Management Division and Deputy Director of Charge Bill Regulatory Center of General Affairs and Reform Department of MOF, Deputy Division Chief of the Charging Fund Policy Management Division of the Comprehensive Department of MOF, Division Chief of Charging Fund Division of Policy Planning Department of MOF, Division Chief of Housing and Land Division of the Comprehensive Department of MOF, Deputy Director-General of the Comprehensive Department of MOF, Member of the Party Group, Inspector and Deputy Secretary of the Party Group of Shenzhen Finance Supervision Commissioner Office of MOF, Deputy Secretary of the Party Group, Inspector and Level-one Inspector of Shenzhen Regulatory Bureau of MOF, and Level-one Inspector of Fiscal Notes Supervision Center of MOF. Ms. Chen obtained a Bachelor's degree in Economics from Jiangxi University of Finance and Economics.

Dong Yang, Non-executive Director

Mr. Dong has served as Non-executive Director of the Bank since January 2022. He joined MOF in August 1989. He previously served as assistant researcher, researcher and secretary (director level) of the Department of National Defense of MOF, a member of the CPC Committee, Deputy Inspector, and Discipline Inspection Team Leader of the Commissioner's Office of MOF in Heilongjiang, a member of the CPC Committee, Deputy Inspector and Discipline Inspection Leader of the Commissioner's Office of MOF in Beijing, a member of the CPC Committee, Deputy Director, and Discipline Inspection Team Leader of the Beijing Regulatory Bureau of MOF. Mr. Dong graduated from the Beijing Normal University and obtained a Master's degree in Management from Harbin Engineering University.

Yang Siu Shun, Independent Non-executive Director

Mr. Yang has served as Independent Non-executive Director of the Bank since April 2016. He previously served as Chairman and Principal Partner of PricewaterhouseCoopers Hong Kong, Executive Chairman and Principal Partner of PricewaterhouseCoopers Chinese Mainland and Hong Kong, member of five-people leading group of global leadership committee of PricewaterhouseCoopers, Chairman of PricewaterhouseCoopers Asia-Pacific region, Director and Chairman of Audit Committee of Hang Seng Management College, Vice Chairman of the Council of the Open University of Hong Kong and a member of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority. Mr. Yang currently serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference, a member of the board of directors of the Hong Kong Jockey Club and an Independent Non-executive Director of Tencent Holdings Limited, Man Wah Holdings Limited and Xinyi Glass Holdings Limited. Mr. Yang graduated from the London School of Economics and Political Science. He was awarded the degree of Honorary Doctor of Social Sciences by The Open University of Hong Kong. He is a Justice of the Peace in Hong Kong. Mr. Yang holds the qualification of Chartered Accountants, and is a senior member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

Shen Si, Independent Non-executive Director

Mr. Shen has served as Independent Non-executive Director of the Bank since March 2017. Previously, he served as Deputy Division Chief and Division Chief of Zhejiang Branch of PBC, Deputy General Director of the Investigation and Statistics Department of the Head Office of PBC, and Deputy President of the Hangzhou Branch of Shanghai Pudong Development Bank, Board Secretary of Shanghai Pudong Development Bank and Executive Director and concurrently Board Secretary of Shanghai Pudong Development Bank. He obtained a Master's degree in Economics from Zhejiang University and an EMBA degree. He is a senior economist.

Fred Zuliu Hu, Independent Non-executive Director

Mr. Hu has served as Independent Non-executive Director of the Bank since April 2019. He previously served as a senior economist at the International Monetary Fund, Head of Research at the World Economic Forum, the co-director of the National Center for Economic Research and a professor at Tsinghua University, an adjunct professor at the Chinese University of Hong Kong and Peking University, the chairman for Greater China and a partner at Goldman Sachs Group, Inc., an independent non-executive director of Great Wall Pan Asia Holdings Limited (formerly known as SCMP Group Limited), an independent non-executive director of Hang Seng Bank Limited, the non-executive director of China Asset Management Co., Ltd., an independent director of Dalian Wanda Commercial Management Group Co., Ltd., an independent director of Shanghai Pudong Development Bank, the independent non-executive director of Hong Kong Exchanges and Clearing Limited and the independent non-executive director of Ant Group Co., Ltd., etc. Mr. Hu currently serves in various positions such as the chairman of Primavera Capital Group, the non-executive chairman of Yum China Holdings, Inc, the director of UBS Group AG, the director of Taikang Insurance Group Co., Ltd., the co-chair of The Nature Conservancy's Asia Pacific Council and the director of the China Medical Board. Mr. Hu is also a member of the Global Board of Advisors for the Council on Foreign Relations, the Harvard Global Advisory Council, the Harvard Kennedy School Mossavar-Rahmani Center for Business and Government, the Jerome A. Chazen Institute of International Business at Columbia University etc. Mr. Hu obtained a Master's Degree in Engineering Science from Tsinghua University, and a master's degree and a PhD in Economics from Harvard University.

Norman Chan Tak Lam, Independent Non-executive Director

Mr. Chan has served as Independent Non-executive Director of the Bank since September 2022. He previously served as Chief Executive of the Hong Kong Monetary Authority, Director of the Chief Executive's Office of the Hong Kong Special Administrative Region Government, Vice Chairman, Asia of Standard Chartered Bank and other positions. He currently serves as Chairman of the Board of Directors of RD Wallet Technologies Limited, Chairman of the Board of Directors of RD ezLink Limited, Chairman of Hong Kong Acquisition Corporation, Founding Chairman of Hong Kong Institute of Web 3.0, Senior Adviser of the Hong Kong Academy of Finance, Chairman of the Board of Trustees of Chung Chi College of The Chinese University of Hong Kong, Vice Chairman of The Chinese University of Hong Kong Council, Chairman of the Board of CUHK Innovation Limited. He obtained a Bachelor's degree in Social Sciences from The Chinese University of Hong Kong, an Honorary Fellowship from The Chinese University of Hong Kong, an Honorary Doctorate of Business Administration from City University of Hong Kong, an Honorary Doctorate of Business Administration from Lingnan University, an Honorary Doctorate of Business Administration from Hong Kong Shue Yan University, an Honorary Doctorate of Social Sciences of The Chinese University of Hong Kong. Mr. Chan was awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region and the Gold Bauhinia Star by the Hong Kong Special Administrative Region. He is a Fellow of The Hong Kong Institute of Bankers, Fellow of Hong Kong Academy of Finance. He was awarded the IFTA FinTech Achievement Award by the Institute of Financial Technologists of Asia (IFTA), the Leadership Lifetime Achievement Award by *The Asian Banker*.

Herbert Walter, Independent Non-executive Director

Mr. Walter has served as an Independent Non-executive Director of the Bank since March 2024. He previously served as Chairman of the Board of Dresdner Bank AG, a member of the Holding Board of Allianz SE, a member of the Group Executive Committee and the Global Head of Retail, Private and Commercial Banking of Deutsche Bank. He previously served as Chairman of the German Financial Market Stabilisation Authority (FMSA), and served as Chairman of the German National Resolution Authority (NRA) and as a Plenary Member of the European Single Resolution Board (SRB). He previously served as an Independent Non-executive member of the Supervisory Boards of financial institutions and other companies, including Banco Português de Investimento (BPI), S.A. (Porto), and DEPFA Bank plc (Dublin), ERGO Insurance Group AG, Deutsche Börse Group AG, E.ON Ruhrgas AG and Lufthansa Group AG. He was Chairman of the Advisory Board of the Institute for Law and Finance at the Goethe University Frankfurt am Main and the Karajan Academy of the Berlin Philharmonic Orchestra, and a member of the Advisory Boards of Amundi Asset Management Group (Germany), Consileon Consultancy Group and Scope European Ratings Group. He is currently an Independent Non-executive member of the Supervisory Board of AKBANK AG. He obtained a Master's degree in Business Administration from the Ludwig Maximilian University in Munich and holds a Doctorate in Political Science.

Huang Li, Employee Supervisor

Mr. Huang has served as Employee Supervisor of the Bank since June 2016. He joined ICBC in 1994 and is currently the Regional Chief Officer and the Head of Beijing Branch of ICBC. He served as Deputy General Manager and General Manager of the Banking Department as well as Deputy Head and Head of Guizhou Branch of ICBC. Mr. Huang graduated from The University of Hong Kong with an MBA degree. He is a senior economist.

Zhang Jie, External Supervisor

Mr. Zhang has served as External Supervisor of the Bank since November 2021. He is currently a professor and doctoral supervisor of the Renmin University of China, director of the International Monetary Institute, a distinguished professor of the Ministry of Education's "Changjiang Scholars Program", a famous teacher of the national "Ten Thousand Talents Program", and a national candidate of the "New Century Talents Project". Mr. Zhang is a recipient of the special government allowance provided by the State Council to experts, and is engaged in research on the topics of institutional finance, China's financial system and financial development. He was the Dean of the School of Finance of Shaanxi Institute of Finance and Economics, the Associate Dean of the School of Economics and Finance of Xi'an Jiaotong University, the Associate Dean of the School of Finance of Renmin University of China, and the first Secretary General of the College Finance Teaching Steering Committee of the Ministry of Education. At present, he is concurrently an executive director of the China Society for Finance and Banking. Mr. Zhang graduated from Shaanxi University of Finance and Economics with a Doctorate degree in Economics.

Liu Lanbiao, External Supervisor

Mr. Liu has served as External Supervisor of the Bank since June 2022. He is currently a Member of the Branch Party Committee, professor, doctoral supervisor of the School of Finance of Nankai University, a co-advisor at postdoctoral research station of Nankai University, Director of the Northeast Asia Financial Cooperation Research Center of Nankai University and Government Debt Management Research Center of the School of Finance of Nankai University. Mr. Liu has long been engaged in research in areas such as commercial bank management, monetary economics, systemic financial risk management, local government debt management, financial technology and international financial cooperation. Mr. Liu was a Vice Dean of the School of Finance and Vice Dean of the Institute of State Economy of Nankai University and External Supervisor of Liaoshen Bank Co., Ltd. At present, Mr. Liu is concurrently an Expert at the MOF Financial Risk Research Center, Government Debt Expert Consultant at the MOF Debt Research and Assessment Center, Member of the China Financial Standardization Technical Committee, Deputy Director of the Asia-Pacific Profession Committee at the Chinese Social and Economic Systems Analysis Research Association, and Independent Director of NYOCOR Co., Ltd., etc. He is a Chief Expert for the key special program "Research on the Prevention and Management of China's Debt Crisis and Effective Mitigation Measures" under the National Social Science Fund of China. Mr. Liu graduated from Nankai University with a Doctorate degree in Economics.

Zhang Weiwu, Senior Executive Vice President

Mr. Zhang has served as Senior Executive Vice President of the Bank since June 2021. He joined ICBC in July 1999, and was appointed as General Manager of ICBC (Europe) Amsterdam Branch in January 2011, General Manager of Singapore Branch in February 2013 and General Manager of the International Banking Department of the Head Office of ICBC in January 2017. Mr. Zhang graduated from the Northwest University in China and obtained Master's degree in Political Economy and an MBA degree from Hitotsubashi University in Japan. He is a senior economist.

Duan Hongtao, Senior Executive Vice President

Mr. Duan has served as Senior Executive Vice President of the Bank since March 2023. Before joining ICBC, he successively served as the General Manager of Yangtze River Sub-branch of China Construction Bank Hubei Branch, the General Manager of the Compliance Department and the General Manager of the Human Resources Department of Hubei Branch, the Assistant to General Manager and Deputy General Manager of Hubei Branch, General Manager of Qingdao Branch, General Manager of Shandong Branch, and Director of the Executive Office of the China Construction Bank Head Office. Mr. Duan graduated from Wuhan University of Technology and obtained a Doctor's degree in Management. He is a senior economist.

Yao Mingde, Senior Executive Vice President

Mr. Yao has served as Senior Executive Vice President of the Bank since March 2024. He joined Agricultural Bank of China in August 1998, he has successively served as Deputy General Manager of the Financial Accounting Department and Deputy General Manager of the Financial Accounting Department/County Area Banking Accounting and Assessment Center of the Head Office of Agricultural Bank of China since April 2009, General Manager of the Financial Accounting Department/ Office of Assessment Center/County Area Banking Accounting and Assessment Center (County Area Banking/Inclusive Finance Accounting and Assessment Center) of the Head Office since March 2017 and President of Shenzhen Branch since May 2022 (he served concurrently as Chairman of Agricultural Bank of China (Moscow) Limited from May 2021 to August 2022). Mr. Yao Mingde obtained a Bachelor's degree in Central University of Finance and Economics and obtained a Doctor's degree in Management from Central University of Finance and Economics. He is a senior accountant.

Guan Xueqing, Board Secretary

Mr. Guan has served as Board Secretary of the Bank since July 2016. He joined ICBC in 1984 and served as General Manager of Suining Branch in Sichuan, Representative of Frankfurt Representative Office and Deputy General Manager of Frankfurt Branch, Deputy General Manager of Sichuan Branch, Deputy General Manager of Sichuan Branch and General Manager of Banking Department of Sichuan Branch, and General Manager of Hubei Branch and Sichuan Branch. Previously Mr. Guan was also General Manager of Corporate Strategy and Investor Relations Department of the Bank. He graduated from the Southwestern University of Finance and Economics and obtained a Doctor's degree in Economics. He is a senior economist.

Xiong Yan, Chief Business Officer

Ms. Xiong has served as Chief Business Officer of the Bank since April 2020. She joined ICBC in 1984 and served as Deputy Director-General of Kunming Sub-bureau of the Internal Audit Bureau, Deputy General Manager of Yunnan Branch, Deputy Director-General of the Sub-bureau directly managed by the Internal Audit Bureau, Deputy General Manager of the Corporate Banking Department I (Corporate Banking Department) and General Manager of the Institutional Banking Department of the Head Office. Ms. Xiong graduated from Hunan University and obtained a degree of International Master of Business Administration (IMBA) from Fudan University and The University of Hong Kong. She is a senior economist.

Song Jianhua, Chief Business Officer

Mr. Song has served as Chief Business Officer of the Bank since April 2020. He joined ICBC in 1987. He was appointed as Deputy General Manager of Jiangsu Branch and General Manager of the Personal Banking Department of the Head Office. Mr. Song graduated from Peking University and obtained a Doctor's degree in management science and engineering from Nanjing University. He is a senior economist.

Tian Fenglin, Chief Business Officer

Mr. Tian has served as Chief Business Officer of the Bank since December 2023. He joined ICBC in 1992, and served as Deputy General Manager of Singapore Branch, Executive Director and General Manager of ICBC (Malaysia), Vice Chairman of ICBC (Argentina), Deputy General Manager of Jiangsu Branch and General Manager of Suzhou Branch, General Manager of Jiangsu Branch, and General Manager of the Corporate Banking Department and the Investment Banking Department of the Bank. Mr. Tian graduated from Huazhong Agricultural University. He obtained a Master's degree in Economics from Huazhong Agricultural University and an MBA degree from the University of Chicago. He is a senior economist.

Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang and Mr. Dong Yang were recommended by Huijin to serve as Non-executive Directors of the Bank. Huijin holds interests in shares of the Bank. Please refer to the section headed "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Interests and Short Positions Held by Substantial Shareholders and Other Persons" for further details.

None of the Directors, Supervisors and Senior Management members of the Bank, whether they are incumbent or have left office during the reporting period, have been punished by the securities regulator in the past three years.

Appointment and Removal

Directors

At the Annual General Meeting for the Year 2022 held on 29 June 2023, Mr. Feng Weidong and Ms. Cao Liqun were re-elected as Non-executive Directors of the Bank, and each of their new terms of office started from the date of consideration and approval by the Annual General Meeting. At the First Extraordinary General Meeting of 2023 held on 30 November 2023, Mr. Herbert Walter was elected as Independent Non-executive Director of the Bank, and his qualification was approved by NFRA in March 2024. Mr. Herbert Walter has confirmed that he obtained the legal advice required under Rule 3.09D of the Hong Kong Listing Rules on 6 March 2024 (prior to the approval of his qualification by NFRA) and understood his obligations as a director of the Bank. On 1 February 2024, the Board of Directors of the Bank elected Mr. Liao Lin as Chairman of the Board of Directors of the Bank, and his qualification was approved by NFRA in February 2024. On 29 February 2024, the First Extraordinary General Meeting of 2024 of the Bank elected Mr. Zhang Wenwu as Executive Director of the Bank, and his qualification is subject to the approval by NFRA[1]; and elected Mr. Murray Horn as Independent Non-executive Director of the Bank, and his qualification is subject to the approval by NFRA.

In April 2023, Mr. Zheng Guoyu ceased to act as Executive Director of the Bank due to change of job assignments. In February 2024, Mr. Chen Siqing ceased to act as Chairman of the Board of Directors and Executive Director of the Bank due to his age. In March 2024, Mr. Anthony Francis Neoh ceased to act as Independent Non-executive Director of the Bank due to expiration of his term.

Supervisors

In January 2023, Mr. Wu Xiangjiang ceased to act as Employee Supervisor of the Bank due to his age.

Senior Management Members

On 17 January 2023, the Board of Directors of the Bank appointed Mr. Duan Hongtao as Senior Executive Vice President of the Bank, and his qualification was approved by the former CBIRC in March 2023. On 29 June 2023, the Board of Directors of the Bank appointed Mr. Xie Taifeng as Chief Business Officer of the Bank, and his qualification was approved by NFRA in September 2023. On 29 June 2023, the Board of Directors of the Bank appointed Mr. Tian Fenglin as Chief Business Officer of the Bank, and his qualification was approved by NFRA in December 2023. On 29 February 2024, the Board of Directors of the Bank appointed Mr. Yao Mingde as Senior Executive Vice President of the Bank, and his qualification was approved by NFRA in March 2024.

In April 2023, Mr. Zheng Guoyu ceased to act as Senior Executive Vice President of the Bank due to change of job assignments. In September 2023, Mr. Xie Taifeng ceased to act as Chief Business Officer of the Bank due to change of job assignments. In February 2024, Mr. Liao Lin resigned as President of the Bank due to adjustment of job assignments. In order to ensure the normal operation and management of the Bank, Mr. Liao Lin performs the functions and powers of the President on behalf of the Bank in accordance with regulatory requirements and the Articles of Association of the Bank, and the period for performing the duties on behalf of the President will end on the date when the new President formally takes office. In March 2024, Mr. Zhang Wenwu ceased to act as Senior Executive Vice President of the Bank due to change of job assignments.

1 Mr. Zhang Wenwu has resigned all his posts including Senior Executive Vice President of the Bank. For details, please refer to the changes in the Senior Management members.

Annual Remuneration

Unit: RMB10,000

Name	Remuneration from the Bank: Remuneration paid (before tax) (1)	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances (2)	Fees (3)	Other monetary income (4)	Total remuneration before tax (5)=(1)+(2)+(3)+(4)	Obtain remuneration from shareholder entities or other related parties or not
Liao Lin	67.26	22.70	–	–	89.96	No
Wang Jingwu	60.53	21.98	–	–	82.51	No
Lu Yongzhen	–	–	–	–	–	Yes
Feng Weidong	–	–	–	–	–	Yes
Cao Liqun	–	–	–	–	–	Yes
Chen Yifang	–	–	–	–	–	Yes
Dong Yang	–	–	–	–	–	Yes
Yang Siu Shun	–	–	47.00	–	47.00	No
Shen Si	–	–	49.00	–	49.00	No
Fred Zuliu Hu	–	–	44.00	–	44.00	Yes
Norman Chan Tak Lam	–	–	42.00	–	42.00	Yes
Herbert Walter	–	–	–	–	–	No
Huang Li	–	–	5.00	–	5.00	No
Zhang Jie	–	–	25.00	–	25.00	No
Liu Lanbiao	–	–	25.00	–	25.00	Yes
Zhang Weiwu	60.53	21.98	–	–	82.51	No
Duan Hongtao	60.53	21.98	–	–	82.51	No
Yao Mingde	–	–	–	–	–	No
Guan Xueqing	107.67	31.29	–	–	138.96	No
Xiong Yan	102.25	31.58	–	–	133.83	No
Song Jianhua	102.25	31.37	–	–	133.62	No
Tian Fenglin	–	–	–	–	–	No
Directors, Supervisors and Senior Management Leaving Office						
Chen Siqing	67.26	22.70	–	–	89.96	No
Zheng Guoyu	15.13	5.35	–	–	20.48	No
Anthony Francis Neoh	–	–	52.00	–	52.00	No
Wu Xiangjiang	–	–	–	–	–	No
Zhang Wenwu	60.53	21.98	–	–	82.51	No
Xie Taifeng	–	–	–	–	–	No

Notes:

(1) Since January 2015, the remuneration to the Chairman of the Board of Directors, the President and other executives of the Bank has followed the State's policies relating to the remuneration reform on executives of central enterprises.

(2) During the reporting period, the total remuneration amount paid to Directors, Supervisors and Senior Management members was RMB12,258.5 thousand. According to the requirements of relevant government authorities, the total final remuneration payable to the Chairman of the Board of Directors, the President, Executive Directors and other Senior Management members is still subject to final confirmation by relevant government authorities. Additional details of remuneration will be disclosed when they have been determined.

(3) According to relevant rules of the Bank, Senior Management members of the Head Office and employees in positions that have a significant influence on the risks of the Head Office include executives of the Bank such as Chairman, Vice Chairman, Executive Director, President and Senior Executive Vice President of the Head Office, Senior Management members such as Board Secretary and Chief Business Officer, and tier-1 approver. During the reporting period, the Bank's tier-1 approvers were assumed by Mr. Wang Jingwu, Mr. Zhang Wenwu, Mr. Zhang Weiwu, Mr. Duan Hongtao, Ms. Xiong Yan and Mr. Zheng Guoyu concurrently. As at the disclosure date, the Senior Management members of the Head Office and the employees in positions that have a significant influence on the risks of the Head Office had not been involved in the circumstances that require the recourse and rebate of performance-based remuneration in 2023.

(4) During the reporting period, Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang and Mr. Dong Yang did not obtain remuneration from the Bank during their tenure as Directors of the Bank.

(5) Fees of Mr. Huang Li are his allowances obtained as Employee Supervisor of the Bank, excluding his remuneration with the Bank in accordance with the employee remuneration system.

(6) As the Bank's Independent Non-executive Directors and External Supervisors served as directors or senior management of other legal persons or organizations other than the Bank or the controlled subsidiaries of the Bank, such legal persons or organizations became related parties of the Bank. During the reporting period, some Independent Non-executive Directors and External Supervisors obtained remuneration from such related parties. Except to the extent of the aforementioned circumstances, none of the Bank's Directors, Supervisors and Senior Management was paid by the Bank's related parties during the reporting period.

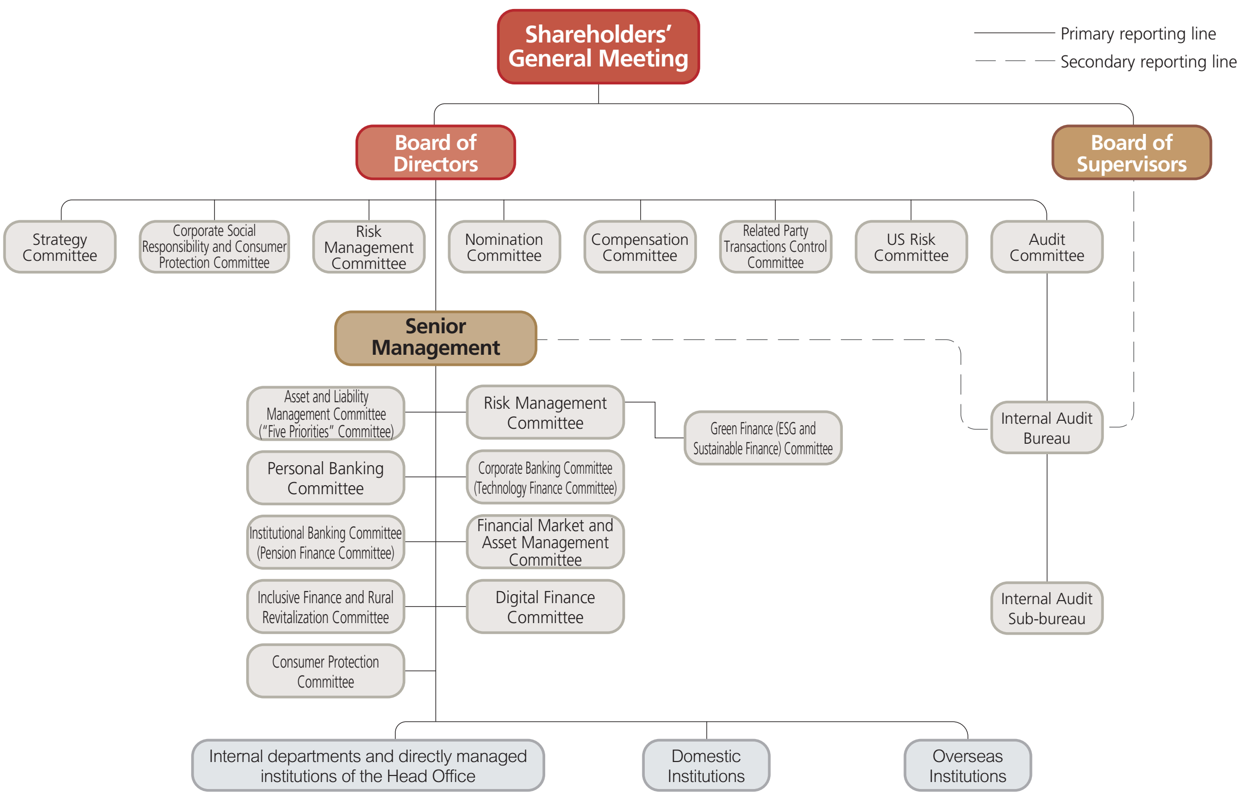
(7) For the change of the Bank's Directors, Supervisors and Senior Management, please refer to the section headed "Appointment and Removal".

Corporate Governance Report

Overview of Corporate Governance

During the reporting period, the Bank has always regarded the improvement of corporate governance as a fundamental project for achieving high-quality development in the new era, and effectively refined the modern corporate governance framework, mechanism and culture. The Bank constantly developed the corporate governance structure which was led by the Bank's Party Committee with the Board of Directors acting as the decision-making organ, the Board of Supervisors responsible for compliance supervision, and the Management in charge of operation. The Bank strengthened the top-level design of corporate governance, revised and improved the Articles of Association, and continuously deepened the organic integration between the Party's leadership and corporate governance. The Bank translated the political and institutional advantages of the Party's leadership into financial governance efficiency, and stayed committed to financial development with Chinese characteristics. Focusing on serving Chinese modernization and promoting high-quality development, the Board of Directors acted on the general principle of pursuing progress while ensuring stability. It thoroughly implemented the country's various decisions and deployments and financial regulatory requirements, and practiced the political and people-oriented nature of financial work in all respects. With the fundamental purpose of serving the real economy, the Board of Directors ensured both development and security, and urged the Bank to maintain stable growth, adjust structure, foster new drivers, prevent risks, and boost development, and play a pivotal role in serving the real economy and a ballast stone role in maintaining financial stability. The Board of Directors took solid steps to fulfill its responsibilities of strategic decisions and risk prevention and control. It fully, accurately, and comprehensively applied the new development philosophy, promoted the improvement of governance mechanisms such as risk control, remuneration incentives, and social responsibility, and strove to create better value for all stakeholders. The Board of Supervisors gave full play to its supervisory function. It focused on how the Board of Directors and the Senior Management implemented the important decisions and deployments of the Party Central Committee and the State Council, national economic and financial policies and regulatory requirements, etc. The Board of Supervisors conducted supervision on duty performance, financial activities, risk management, internal control and compliance and other aspects, giving full play to its important role in corporate governance. There is no material divergence between the actual corporate governance of the Bank, relevant laws and administrative regulations, and the corporate governance-related rules issued by CSRC.

Corporate Governance Framework



The Bank has made constant efforts to improve the corporate governance and checks and balances mechanism comprising the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management featuring clearly-defined responsibilities and accountability, coordination and effective checks and balances, and to optimize responsibilities of the authority organ, decision-making organ, supervisory organ and executive organ. As a result, the corporate governance operation mechanism with a scientific decision-making process, effective supervision and steady operation has been in place.

Special committees were set up under the Senior Management for the overall coordination responsibilities of the "Five Priorities" and the promotion of technology finance, green finance, inclusive finance, pension finance and digital finance correspondingly, establishing an integrated decision-making and implementation mechanism to serve the "Five Priorities", and forming a closed loop of organic synergies of the "first, second and third lines of defense" and co-control-and-management.

Corporate Governance Code

During the reporting period, the Bank complied with the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules).

Amendment to the Articles of Association

On 23 June 2022, the Bank's Annual General Meeting for the Year 2021 reviewed and adopted the Proposal on the Amendment to the Articles of Association. The amendments covered the business purpose, the responsibilities of the Board of Directors, the Board of Supervisors, the Shareholders' General Meeting and the Senior Management, risk management, remuneration incentive, social responsibilities and ESG, green finance, consumer protection and information disclosure, etc. The new version of the Articles of Association has been put into effect upon the approval of NFRA in November 2023.

Shareholders' General Meeting

Responsibilities of the Shareholders' General Meeting

As the organ of power of the Bank, the Shareholders' General Meeting involves all shareholders. The Shareholders' General Meeting is responsible for, among others, deciding on business policies and significant investment plans of the Bank; examining and approving the Bank's annual financial budget, final account proposals, plans for profit distribution and loss make-up; electing and replacing directors, supervisors appointed from the shareholder representatives and external supervisors; examining and approving work report of the Board of Directors and work report of the Board of Supervisors; and adopting resolutions on merger, division, dissolution, liquidation, change of corporate form, increase or decrease of the Bank's registered capital, issuance of corporate bonds or other securities and public listing, acquisition of the shares, issuance of preference shares and amending the Articles of Association of the Bank.

Convening of the Shareholders' General Meeting

During the reporting period, the Bank convened the Annual General Meeting for the Year 2022 on 29 June 2023, and the First Extraordinary General Meeting of 2023 on 30 November 2023. The aforementioned Shareholders' General Meetings were convened and held in compliance with relevant laws and regulations and the Articles of Association of the Bank. The Bank made announcements on the resolutions and disclosed legal opinions in a timely manner in accordance with regulatory requirements. For details of the above meetings, please refer to the announcements of the Bank dated 29 June 2023 and 30 November 2023 respectively on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

Board of Directors and Special Committees

Responsibilities of the Board of Directors

As the decision-making organ of the Bank, the Board of Directors of the Bank is accountable to, and shall report its work to, the Shareholders' General Meeting. The Board of Directors is responsible for, among others, convening the Shareholders' General Meeting; implementing the resolutions of the Shareholders' General Meeting; deciding on the Bank's business plans and investment proposals, formulating its development strategies and supervising the implementation of such strategies; formulating annual financial budget and final accounts of the Bank; formulating plans for profit distribution and loss recovery of the Bank; formulating plans for the increase or decrease of the Bank's registered capital, capital replenishment and financial restructuring of the Bank; formulating policies and basic management systems of the Bank such as risk tolerance, risk management system and internal control system, supervising the implementation of such systems, and assuming the ultimate responsibility for enterprise risk management; appointing or removing President and the Board Secretary, and appointing or removing Senior Executive Vice Presidents and other senior management members (except the Board Secretary) who shall be appointed or removed by the Board of Directors under relevant laws according to the nomination of the President and deciding on their compensation, bonus and penalty matters; deliberating the policy objectives and related matters of the Bank's fulfillment of social responsibility in respect of environmental, social, and governance (ESG); deliberating the Bank's development strategies, basic management systems, annual business plans, assessment measures and other matters related to inclusive finance; determining the Bank's consumer protection strategies, policies and objectives, and safeguarding the legitimate rights and interests of financial consumers and other stakeholders; establishing a mechanism for identifying, reviewing, and managing conflicts of interest between the Bank and shareholders, especially major shareholders; undertaking the management responsibility for shareholders' affairs; and formulating and implementing a Senior Management accountability system, and clarifying specific ways to investigate responsibilities for dereliction of duty and improper performance of duty.

Implementation of Resolutions of the Shareholders' General Meeting by the Board of Directors

The Board of Directors of the Bank earnestly and fully implemented the resolutions reviewed and approved by the Shareholders' General Meeting during the reporting period.

Composition of the Board of Directors

The Bank formulated relatively complete procedures for selecting, nominating and electing Directors. With diversified backgrounds, the Directors of the Bank complemented each other with regard to their expertise, professional competence, professional experience, region, gender and many other aspects, which ensured the scientific decision-making of the Board of Directors. As at the disclosure date of the results, the Board of Directors of the Bank consisted of 12 directors, including two Executive Directors: Mr. Liao Lin and Mr. Wang Jingwu; five Non-executive Directors: Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang and Mr. Dong Yang; and five Independent Non-executive Directors: Mr. Yang Siu Shun, Mr. Shen Si, Mr. Fred Zuliu Hu, Mr. Norman Chan Tak Lam and Mr. Herbert Walter. The Board of Directors has reviewed the implementation and effectiveness of its board diversity policy. The members of the Board of Directors have included two female directors, both of whom have contributed to the scientific and efficient decision-making of the Board of Directors by offering a unique female perspective. In the future, the Bank will take full account of the gender composition of candidates in the selection of Directors in accordance with relevant policies for the diversified backgrounds of Directors, in order to further improve the gender diversity of members of the Board of Directors.

The Executive Directors of the Bank have worked in the areas of banking and management for a long time, possess extensive professional expertise and experience in those areas and are familiar with the operation and management of the Bank. Non-executive Directors have worked in the fiscal, economic, financial and governing sectors for many years, and they have rich practical experience and a relatively high level of understanding of policies and theories. All of the Independent Non-executive Directors are prestigious Chinese or foreign experts in their respective areas, e.g. economy, financial supervision, finance, audit and law, and they are familiar with Chinese and foreign regulatory rules and have a good knowledge of corporate governance, finance and bank management. The number of Independent Non-executive Directors of the Bank accounted for more than one-third of the total members of the Board of Directors, complying with relevant regulatory requirements.

Chairman and President

Pursuant to Code Provision C.2.1 of the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules) and the Articles of Association of the Bank, the roles of Chairman and President should be held by two persons, and the Chairman shall not concurrently hold the position of legal representative or chief responsible officer of the controlling shareholder. The President is appointed by and accountable to the Board of Directors, and performs his responsibilities as stipulated in the Articles of Association of the Bank and as authorized by the Board of Directors.

During the reporting period, Mr. Chen Siqing is the legal representative and Chairman of the Bank, and is responsible for leading the Board of Directors in considering and formulating business development strategies, risk management, internal control and other significant matters of the Bank. During the reporting period, Mr. Liao Lin is the President of the Bank, and is responsible for the daily management of the business operations of the Bank.

On 1 February 2024, Mr. Chen Siqing resigned as Chairman of the Bank due to his age. The Board of Directors elected Mr. Liao Lin as Chairman of the Bank. Due to change of job assignments, Mr. Liao Lin resigned as President of the Bank on the same day. In order to ensure the smooth operation and management of the Bank, Mr. Liao Lin, according to the regulation and the Articles, shall perform the duties and powers of the President up to the date on which the new President of the Bank officially takes office. Mr. Liao Lin's qualification as Chairman of the Bank was approved by NFRA in February 2024.

Meetings of the Board of Directors

During the reporting period, the Board of Directors of the Bank held 11 meetings on 17 January, 23 February, 30 March, 13 April, 28 April, 29 June, 30 August, 27 October, 9 November, 30 November and 21 December 2023, respectively. At these meetings, the Board of Directors reviewed 59 proposals, and heard 23 reports.

The Board of Directors made scientific decisions in accordance with economic and financial policies and major objectives, with a focus on providing financial services for the real economy, developing inclusive finance, promoting high-quality development and so on. Meanwhile, the Bank continuously reinforced capital management, and made efforts to consolidate the foundation of the Bank's support for the development of the real economy. The Board of Directors reviewed the proposals including the 2023 business plan, the plan for inclusive finance business in 2023, the report on internal capital adequacy assessment in 2022, the report on capital adequacy ratio in 2022 and the planned issuance limit of capital instruments, and heard the reports on the annual, interim and quarterly operating results and the priorities of the Board of Directors in 2023.

The Board of Directors ensured both development and security, attached great importance to risk prevention and control, continuously improved the enterprise risk management systems and mechanisms, and prevented the systemic risk with all strength. It revised the Rules for Enterprise Risk Management, the Data Security Management Measures and other relevant rules, reviewed proposals including the 2022 Risk Report and Risk Appetite Assessment, the Liquidity Risk Management Strategy for 2023, the Management Report on Interest Rate Risk in the Banking Book of the Group for 2022 and the Management Strategy for 2023, and heard reports such as Report on Technology Risk Management in 2022.

The Board of Directors actively practiced the ESG development philosophy and endeavored to help the Bank maximize the comprehensive value of economy, environment and society. It revised the Administrative Measures for Consumer Protection, reviewed proposals on the Application for Temporary Authorization Limit for External Donations, the Corporate Social Responsibility (ESG) Report 2022, the 2022 Work Report on and 2023 Work Plan for Consumer Protection, etc.

For major proposals reviewed by the Board of Directors, please refer to the announcements of the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

The attendance of each of the Directors in Shareholders' General Meetings and meetings of the Board of Directors and the special committees of the Board of Directors during the reporting period is set out below:

Attendances in person/Number of meetings that should be attended

			Special Committees of the Board of Directors							
Directors	Shareholders' General Meeting	Board of Directors	Strategy Committee	Corporate Social Responsibility and Consumer Protection Committee	Audit Committee	Risk Management Committee	Nomination Committee	Compensation Committee	Related Party Transactions Control Committee	US Risk Committee
Executive Directors										
Liao Lin	2/2	11/11	5/5	3/3	–	–	5/5	–	–	–
Wang Jingwu	2/2	11/11	–	–	–	6/8	–	–	4/4	4/5
Non-executive Directors										
Lu Yongzhen	2/2	11/11	5/5	–	–	8/8	–	3/3	–	5/5
Feng Weidong	2/2	11/11	–	–	8/8	8/8	5/5	–	–	5/5
Cao Liqun	2/2	11/11	–	3/3	8/8	8/8	–	–	–	5/5
Chen Yifang	2/2	11/11	5/5	3/3	–	–	–	3/3	–	–
Dong Yang	2/2	11/11	5/5	–	–	8/8	–	–	–	5/5
Independent Non-executive Directors										
Yang Siu Shun	2/2	10/11	–	–	7/8	7/8	5/5	–	3/4	4/5
Shen Si	2/2	10/11	–	–	7/8	7/8	–	2/3	4/4	5/5
Fred Zuliu Hu	2/2	10/11	4/5	–	5/8	–	5/5	2/3	–	–
Norman Chan Tak Lam	2/2	11/11	4/5	–	7/8	7/8	–	–	–	5/5
Herbert Walter	–	–	–	–	–	–	–	–	–	–
Directors Leaving Office										
Chen Siqing	2/2	10/11	4/5	–	–	–	–	–	–	–
Zheng Guoyu	0/0	2/3	1/2	0/1	–	1/2	–	–	–	–
Anthony Francis Neoh	2/2	11/11	5/5	–	8/8	8/8	5/5	3/3	–	5/5

Notes: (1) "Attendances in person" refers to attending meetings in person or on telephone or by video conference.

(2) Directors who did not attend the meetings of the Board of Directors and its special committees in person appointed other directors to attend the meetings and exercise the voting right on their behalf.

(3) For the change of directors, please refer to the section headed "Directors, Supervisors and Senior Management — Appointment and Removal".

Special Committees of the Board of Directors

Special Committees of the Board of Directors

The Board of Directors of the Bank has established eight special committees, namely, the Strategy Committee, the Corporate Social Responsibility and Consumer Protection Committee, the Audit Committee, the Risk Management Committee, the Nomination Committee, the Compensation Committee, the Related Party Transactions Control Committee and the US Risk Committee. Except for the Strategy Committee and the Corporate Social Responsibility and Consumer Protection Committee, chairmen of all the other committees are assumed by Independent Non-executive Directors. More than half of the members of the Audit Committee, the Nomination Committee, the Compensation Committee and the Related Party Transactions Control Committee are Independent Non-executive Directors.

As at the disclosure date of the results, the composition of special committees of the Board of Directors of the Bank is as follows:

	Special Committees under the Board of Directors							
Directors	Strategy Committee	Corporate Social Responsibility and Consumer Protection Committee	Audit Committee	Risk Management Committee	Nomination Committee	Compensation Committee	Related Party Transactions Control Committee	US Risk Committee
Liao Lin	Chairman	Chairman			Committee Member			
Wang Jingwu				Committee Member			Committee Member	Committee Member
Lu Yongzhen	Committee Member			Committee Member		Committee Member		Committee Member
Feng Weidong			Committee Member	Committee Member	Committee Member			Committee Member
Cao Liqun		Committee Member	Committee Member	Committee Member				Committee Member
Chen Yifang	Committee Member	Committee Member				Committee Member		
Dong Yang	Committee Member			Committee Member				Committee Member
Yang Siu Shun			Committee Member	Committee Member	Committee Member		Chairman	Committee Member
Shen Si			Chairman	Committee Member		Chairman	Committee Member	Committee Member
Fred Zuliu Hu	Committee Member		Committee Member		Chairman	Committee Member		
Norman Chan Tak Lam	Committee Member		Committee Member	Chairman	Committee Member	Committee Member		Chairman
Herbert Walter	Committee Member	Committee Member	Committee Member			Committee Member	Committee Member	

During the reporting period, the performance of duties by the special committees of the Board of Directors is set out below:

Strategy Committee	**Primary Responsibilities of the Strategy Committee** The Strategy Committee is mainly responsible for considering the Bank's strategic development plan, risk events that bear material influence on the overall situation, annual financial budget and final account, strategic capital allocation and asset and liability management objectives, significant institution restructuring and adjustment plan, major investment and financing proposal, merger and acquisition proposal, strategic development plan for domestic and overseas branches and institutions, strategic development plan for human resources, IT development and other special strategic development plans, strategic arrangements for social responsibility and annual corporate social responsibility report (ESG report), etc., and making recommendations to the Board of Directors. The Strategy Committee is also responsible for planning on the overall development of various financial businesses, and examining and assessing the soundness of the corporate governance framework. **Performance of the Strategy Committee** During the reporting period, the Strategy Committee held five meetings on 23 February, 30 March, 30 August, 27 October and 30 November 2023, respectively. At these meetings, the Strategy Committee reviewed 12 proposals, and heard three reports. The Strategy Committee paid attention to major strategic issues, reviewed the proposed issuance limit of capital instruments, annual fixed assets investment budget, report on the management of capital adequacy ratio, profit distribution plan and other proposals to promote the Bank's high-quality development.
Corporate Social Responsibility and Consumer Protection Committee	**Primary Responsibilities of the Corporate Social Responsibility and Consumer Protection Committee** The Corporate Social Responsibility and Consumer Protection Committee is mainly responsible for hearing and considering the Bank's policy, target and issues related to the performance of corporate social responsibility in respect of environmental, social and governance (ESG), rural revitalization services, the Bank's corporate culture construction, etc., and understanding the Bank's fulfillment of social responsibility. The committee is responsible for studying major issues and important policies related to the Bank's consumer protection, guiding and pushing forward the establishment and improvement of a management system for consumer protection, and reviewing and supervising the implementation of the Bank's consumer protection strategies, policies, targets, and work reports. The committee shall also consider the Bank's policies and targets, such as green finance strategies, climate risk management and green bank construction, as well as the development strategy, basic management system, annual business plan and assessment method of inclusive finance. **Performance of the Corporate Social Responsibility and Consumer Protection Committee** During the reporting period, the Corporate Social Responsibility and Consumer Protection Committee held three meetings on 23 February, 28 April and 30 August 2023, respectively. At these meetings, the Corporate Social Responsibility and Consumer Protection Committee reviewed four proposals and heard one report. It actively urged the Bank to perform social responsibilities, considered the proposals on the application for temporary authorization limit for external donations, etc., providing continuous support for charity and other public-interested activities. The committee focused on the business development of green finance and inclusive finance, and considered and approved the proposals on the 2023 annual business plan for inclusive finance. The committee focused on consumer protection, considered and approved the proposal on the consumer protection in 2022 and consumer protection plan for 2023, and heard the report on consumer protection work for the first half of 2023.
Audit Committee	**Primary Responsibilities of the Audit Committee** The Audit Committee is mainly responsible for constantly overseeing the Bank's internal control system, and supervising, inspecting and evaluating financial information and internal audit of the Bank, proposing the engagement or replacement of external auditors, reviewing the reports of external auditors, and coordinating the communication between the internal audit departments and external auditors, and assessing mechanisms for the Bank's staff to report misconducts in financial statements, internal control, etc., and assessing the mechanism for the Bank to conduct independent and fair investigations and take appropriate actions in relation to the reported matters.

Performance of the Audit Committee During the reporting period, the Audit Committee held eight meetings on 17 January, 23 February, 29 March, 13 April, 27 April, 29 August, 27 October and 20 December 2023, respectively. At these meetings, the Audit Committee reviewed nine proposals, and heard 16 reports. The Audit Committee continued to oversee the Bank's internal control system, reviewed the Bank's annual internal control assessment report, heard reports on internal control audit results, and supervised the improvement of the Group's compliant operation. It inspected and supervised the implementation of internal and external audits, considered proposals on the internal audit plan, heard reports on the implementation of internal audits and the summary of external audit and so on to advance the continuous improvement of an effective communication mechanism between internal and external audits.

- Reviewing periodic reports

The Audit Committee periodically reviewed the financial reports of the Bank. It had reviewed the annual report, interim report and quarterly reports of the Bank and reported the review opinion to the Board of Directors. It also organized and conducted an internal control assessment of the Group and engaged external auditors to audit the effectiveness of the internal control over financial reporting in accordance with the relevant regulatory requirements. Additionally, it enhanced communication with external auditors, attached importance to the supervision of external auditors and heard several reports of external auditors concerning audit results, and management proposals etc.

During the preparation and audit of the 2023 financial statements, the Audit Committee discussed and agreed with the external auditors on matters such as audit schedule and progress arrangement, followed the status of external audit and conducted supervision over relevant work at the appropriate time by means of hearing reports and holding informal discussions, and reviewed the unaudited and preliminarily audited annual financial statements respectively. The Audit Committee held a meeting on 27 March 2024, and considered that the 2023 financial statements truly, accurately and completely reflected the financial position of the Bank.

- Examining internal control system

The Audit Committee is responsible for constantly monitoring and examining the internal control system of the Bank, and examining the effectiveness of the system at least on an annual basis. The Audit Committee performed its function of examining the Bank's internal control system through reviewing the administrative rules and regulations and their implementation, and examined and assessed the compliance and effectiveness of major operating activities of the Bank.

The Board of Directors of the Bank is responsible for establishing, improving and effectively implementing internal control, assessing its effectiveness and truthfully disclosing internal control assessment reports according to the standard system for enterprise internal control. The objective of the internal control of the Bank is to reasonably assure the compliance of its operation and management with relevant laws, safety of its assets, as well as the authenticity and completeness of its financial reports and relevant information, in order to enhance operation efficiency and effectiveness, and to facilitate the realization of its development strategy. Due to inherent limitation of internal control, only reasonable assurance can be provided for the aforementioned objectives. The Board of Directors and the Audit Committee have reviewed and approved the 2023 Internal Control Assessment Report of the Bank. For details of the Bank's internal control, please refer to the section headed "Corporate Governance Report — Internal Control".

- Effectiveness of the internal audit function

The Bank has established a vertical and independent internal audit management system responsible and reporting to the Board of Directors. The Board of Directors regularly reviews the internal audit plan and hears internal audit reports on internal audit activities, audit supporting measures, internal audit team building, etc., thus performing the function of risk management. The Audit Committee examines, monitors and assesses the internal audit work of the Bank, supervises the internal audit rules and their implementation, and makes assessment of audit procedures and results of the internal audit department. It is also responsible for urging the Bank to ensure adequate resources for the internal audit department and coordinating the communication between the internal audit department and external auditors. The internal audit department is accountable to and reports to the Board of Directors, is guided by the Board of Supervisors and is under the examination, supervision and assessment of the Audit Committee. For details of the internal audit, please refer to the section headed "Corporate Governance Report — Internal Audit".

Risk Management Committee

Primary Responsibilities of the Risk Management Committee The Risk Management Committee is primarily responsible for reviewing and revising the Bank's risk strategy, risk management policy, risk appetite, enterprise risk management framework and internal control process, and supervising and assessing its implementation progress and results. The committee is also responsible for continuously monitoring the Bank's risk management system, monitoring and evaluating the setup, mode of organization, working procedures and results of risk management departments, supervising and assessing the Senior Management members' control of strategy risk, credit risk, market risk, operational risk (case prevention), liquidity risk, compliance risk, reputational risk, IT risk, interest rate risk in banking book, country risk and other risks, and putting forward suggestions on the improvement in risk management and internal control of the Bank; clarifying the requirements for risk data and reporting, making sure that risk reporting is compatible with the Bank's business pattern, risk status and internal management needs etc., and proposing improvement requirements to the Senior Management when risk data and reporting cannot meet requirements.

Performance of the Risk Management Committee During the reporting period, the Risk Management Committee held eight meetings on 23 February, 29 March, 27 April, 28 June, 29 August, 27 October, 30 November and 20 December 2023, respectively. At these meetings, the Risk Management Committee reviewed 19 proposals, and heard four reports. The Risk Management Committee continuously urged the Bank to strengthen enterprise risk management. It considered and approved proposals on the 2022 Risk Report and Risk Appetite Assessment, the Management Report on Interest Rate Risk in the Banking Book of the Group for 2022 and the 2023 Management Strategy, 2023 Liquidity Risk Management Strategy, and the 2022 Compliance Risk and AML Management Report of the Group and heard reports on technology risk management in 2022. It has become more foresighted in preventing and controlling financial risks and enhancing the risk management mechanism, in a bid to assist the Board of Directors in improving its risk management, prevention and control capabilities.

- Examining the risk management system

The Risk Management Committee is responsible for constantly monitoring and examining the risk management system of the Bank, and examining the effectiveness of the system at least on an annual basis. Under the enterprise risk management system structure of the Bank, the Risk Management Committee performed its function of examining the Bank's risk management system through reviewing and revising the risk strategy, risk management policy, risk appetite, the enterprise risk management structure and internal control process, monitoring and evaluating the setup, mode of organization, working procedures and results of risk management departments, regularly assessing the risk policy, risk appetite and enterprise risk management status, supervising and assessing risk control activities conducted by the Senior Management members in terms of credit risk, market risk, operational risk (case prevention), liquidity risk, compliance risk, reputational risk, IT risk, interest rate risk in the banking book, country and climate risk, model risk and other new risks. For details of risk management, please refer to the section headed "Discussion and Analysis — Risk Management".

Nomination Committee

Primary Responsibilities of the Nomination Committee The Nomination Committee is mainly responsible for making recommendations to the Board of Directors on candidates for Directors and Senior Management members, nominating candidates for chairmen and members of special committees of the Board of Directors, formulating the standards and review procedures for selection and appointment of Directors and Senior Management members, and hearing the training and development plans for Senior Management members and key reserved talents. The Nomination Committee is also responsible for assessing the structure, size and composition of the Board of Directors and making recommendations to the Board of Directors based on the Bank's development strategy.

The Articles of Association of the Bank specifies procedures and methods to nominate Directors. Please refer to Article 118 of the Articles of Association. During the reporting period, the Bank appointed and renewed the appointments of Directors of the Bank in strict accordance with the Articles of Association of the Bank. The Nomination Committee reviews the qualifications of candidates for Directors based on whether the candidate complies with applicable laws, administrative rules, regulations and the Articles of Association of the Bank. The Bank attached importance to diversified sources and backgrounds of Directors and continued the efforts to enhance the professionalism of the Board of Directors, thus laying the foundation for the effective operation and scientific decision-making of the Board of Directors. According to the requirement on diversified composition of the Board of Directors in the Rules for Recommendation and Nomination of Board Candidates of the Bank, the Nomination Committee shall pay attention to the complementarity of the candidates in terms of expertise, professional competence and experience, cultural and educational background, gender, etc., to ensure the members of the Board of Directors are well equipped, experienced and have diversified perspectives and views. In order to implement the diversity policy, the Nomination Committee discusses and designs measurable goals according to actual conditions and assesses the improvement of diversified composition of the Board of Directors during the course of its yearly assessment on the framework, number of Directors and composition of the Board of Directors. As at the disclosure date of the results, there were five Independent Non-executive Directors, accounting for more than one-third of the total members of the Board of Directors.

Performance of the Nomination Committee During the reporting period, the Nomination Committee held five meetings on 17 January, 23 February, 29 June, 9 November and 21 December 2023, respectively. Through these meetings, the Nomination Committee reviewed seven proposals including the proposals on the nomination of the candidate for Non-executive Director of the Bank and extension of tenure of relevant positions in the special committees of the Board of Directors, nomination of the candidate for Independent Director, appointment of Senior Executive Vice President and Chief Business Officer and suggestions on adjusting some of the chairpersons and members of special committees of the Board of Directors. The Nomination Committee promoted the change of directors and appointment of Senior Management members in an orderly manner and continuously improved and adjusted the composition of special committees of the Board of Directors.

Compensation Committee

Primary Responsibilities of the Compensation Committee The Compensation Committee is mainly responsible for formulating assessment rules of the Board of Directors on the performance of duties and compensation plans for Directors, organizing the assessment of the Board of Directors on the performance of duties of Directors, putting forth the proposal on remuneration distribution for Directors, formulating and reviewing the assessment measures and compensation plans for Senior Management members of the Bank and evaluating the performance and behaviors of Senior Management members.

Performance of the Compensation Committee During the reporting period, the Compensation Committee held three meetings on 23 February, 30 August and 27 October 2023, respectively. At these meetings, the Compensation Committee reviewed six proposals including the proposals on the payment of remuneration to Directors and Senior Management members for 2022, the Senior Management performance evaluation plan for 2023 and the renewal of directors, supervisors and officers liability insurance for 2023-2024, and heard the 2022 assessment report on the performance of duties of Directors by the Board of Directors. The Compensation Committee, in accordance with regulatory requirements, drafted the remuneration of directors, and improved the performance evaluation indicators and the incentive and constraint mechanism.

Related Party Transactions Control Committee

Primary Responsibilities of the Related Party Transactions Control Committee The Related Party Transactions Control Committee is mainly responsible for developing the basic policies governing the management of related party transactions, identifying the Bank's related parties; approving related party transactions and other related matters within the authority granted by the Board; receiving related party transaction statistics for filing purpose; reviewing the related party transactions that are subject to the approval of the Board of Directors or the Shareholders' General Meeting; and reporting to the Board of Directors on the implementation of the related party transaction management policies as well as the conditions on these transactions.

Performance of the Related Party Transactions Control Committee During the reporting period, the Related Party Transactions Control Committee held four meetings on 29 March, 27 April, 29 August and 30 November 2023, respectively. At these meetings, the Related Party Transactions Control Committee reviewed and approved three proposals including the proposal on identification of related parties of the Bank, and heard the special report on related parties and related party transactions in 2022. The Related Party Transactions Control Committee focused on reviewing the fairness and objectivity of related party transactions, urged the Bank to strengthen the management of related party transactions and inside transactions, and assisted the Board of Directors in ensuring the Bank's related party transactions are carried out in compliance with laws and regulations.

US Risk Committee

Primary Responsibilities of the US Risk Committee In accordance with the relevant requirements in the Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations established by the Federal Reserve Board, the US Risk Committee supervised the implementation of the US business-related risk management framework and relevant policies.

Performance of the US Risk Committee During the reporting period, the US Risk Committee held five meetings on 29 March, 28 June, 29 August, 30 November and 20 December 2023, respectively. At these meetings, the US Risk Committee reviewed three proposals, and heard 11 reports. It attached importance to and strengthened the risk and compliance management of overseas institutions, reviewed and approved the proposals including the risk management framework, revision of risk appetite and risk management in the US, and the liquidity stress testing, funding contingency plans, key business lines and product liquidity risks in the US, heard the reports on the risk management and liquidity risk management in the US in 2022, and assisted the Board of Directors in urging the Management to continuously strengthen compliance and risk prevention and control in international operation.

Term of Directors

In accordance with the Articles of Association of the Bank, Directors are elected by the Shareholders' General Meeting with a term of three years, and the appointment shall take effect from the date of approval by NFRA or upon completion of relevant procedures according to the requirements of NFRA. Directors may be re-appointed through re-election at the Shareholders' General Meeting after expiration of their term.

Responsibilities of Directors in Respect of Financial Statements

The Directors of the Bank acknowledged that they are responsible for the preparation of the financial statements of the Bank. During the reporting period, in strict compliance with relevant provisions, the Bank published the 2022 Annual Report, the First Quarterly Report of 2023, the 2023 Interim Report and the Third Quarterly Report of 2023 as scheduled.

Investigation and Training of Directors

During the reporting period, Directors of the Bank proactively conducted surveys on departments, branches and subsidiaries of the Bank concerning such topics as optimization of asset structure and income structure, discussions and issues on the practice of expected credit loss approach, risk management and sustainable development for inclusive finance, building of risk warning mechanism, ESG and green finance development, financial services for boosting manufacturing strength and technological innovation, overseas institutions assisting in building the Belt and Road Initiative and serving the high-standard opening up of the country, and the operation and management of the Bank's branches and affiliates. In the form of survey reports, such investigations provide the Bank with constructive suggestions and opinions.

During the reporting period, the Bank advanced overall training for Directors, constantly increased training resources, and actively expanded the channels and forms of training for Directors, with the aim of assisting the Directors in continuing to improve their ability to perform their duties. Directors of the Bank attended relevant trainings according to work needs.

The topics of the trainings attended by the Directors of the Bank during the reporting period were mainly as follows:

External trainings	**The Listed Companies Association of Beijing:** Training on the strategic management of listed companies Training on the information disclosure of listed companies Training on the ESG report of listed companies Training on the performance of duties of directors, supervisors and senior management Training on strengthening the market capitalization of listed companies Training on investor relations management Training on the measures for independent director management of SSE-listed companies in Beijing
Internal trainings	Anti-money Laundering training Trainings on business line

Training of Board Secretary

During the reporting period, the Board Secretary of the Bank attended the relevant specialized training sessions, with the training hours over 15 hours, which met relevant regulatory requirements.

Independence and Performance of Duties of Independent Non-executive Directors

The Bank conducted the appointment of Independent Non-executive Directors in strict accordance with the relevant regulatory rules, the Articles of Association of the Bank and other provisions. The qualifications, number and proportion of the Bank's Independent Non-executive Directors comply with regulatory requirements.

The Bank's Independent Non-executive Directors do not have any business or financial interests in the Bank or its subsidiaries, and they have not assumed any managerial position in the Bank. The Bank has received the annual confirmation on independence from all Independent Non-executive Directors and considered that they were independent.

During the reporting period, the Bank's Independent Non-executive Directors earnestly attended the meetings of the Board of Directors and special committees, gave independent opinions on the issues for consideration, and put forward suggestions in terms of improving the capacity of financial services in serving the real economy, reinforcing risk control and compliance management, facilitating digital development, strengthening capital management, and promoting the high-quality development of the Group, etc. In accordance with the Corporate Governance Code (Appendix C1 to the Hong Kong Listing Rules), Independent Non-executive Directors and the Chairman of the Board of Directors held discussions without the participation of other Directors, fully communicated and exchanged information on the Bank's risk compliance, digital transformation, internationalization strategy, talent management, etc. Meanwhile, Independent Non-executive Directors actively attended various meetings, symposia, surveys, trainings and other activities of the Bank, to gain a deep understanding of the Bank's ESG and green finance, IT, digital transformation of commercial banks, enterprise risk management, implementation of the Group's international development strategy, and operation and management of branches. Independent Non-executive Directors put forward a series of valuable suggestions in each of the performance activities, which have been highly valued by the Bank and implemented according to the actual conditions.

During the reporting period, the Bank's Independent Non-executive Directors did not raise any objection to proposals of the Board of Directors and special committees of the Board of Directors.

For the details on performance of duties of Independent Non-executive Directors of the Bank during the reporting period, please refer to the Work Report of Independent Directors for 2023 issued by the Bank on 27 March 2024.

Board of Supervisors

Responsibilities of the Board of Supervisors

As the supervisory organ of the Bank, the Board of Supervisors is accountable to, and shall report its work to, the Shareholders' General Meeting. The Board of Supervisors is responsible for, among others, supervising the Board of Directors to establish the prudent business vision and value criteria, and formulating a development strategy in line with the actual situation of the Bank; assessing the soundness, rationality and prudence of the Bank's development strategy, and forming assessment reports; formulating measures for assessing the performance of duties of the Board of Directors, Senior Management members and Supervisors, and supervising and assessing the performance of duties of the Board of Directors, Senior Management members and Supervisors; conducting leave audits towards Directors and Senior Management personnel when necessary; inspecting and supervising financial activities of the Bank; examining financial information such as financial accounting report, business report and profit distribution plan to be submitted to the Shareholders' General Meeting by the Board of Directors; inspecting and supervising the business decision-making, risk management and internal control of the Bank, and urging the remedial actions; nominating Shareholder Supervisors, Employee Supervisors, External Supervisors, and Independent Directors; supervising the selection and appointment of Directors; supervising the implementation of the Bank's remuneration management policy and the soundness and rationality of the remuneration plan for Senior Management members; formulating remuneration plan for Supervisors and submitting it to the Shareholders' General Meeting for review and decision; supervising the engagement, dismissal, renewal of the Bank's external auditing institution, and its auditing work, and guiding and supervising the internal audit work of the Bank; raising proposals to the Shareholders' General Meeting; proposing to convene an extraordinary general meeting of shareholders, and convening and presiding over the extraordinary general meeting of shareholders in case the Board of Directors fails to perform its duty of convening Shareholders' General Meeting; and proposing to convene an interim meeting of the Board of Directors, etc.

Composition of the Board of Supervisors

As at the disclosure date of the results, the Board of Supervisors of the Bank consisted of three members, including one Employee Supervisor, namely Mr. Huang Li; and two External Supervisors, namely Mr. Zhang Jie and Mr. Liu Lanbiao.

Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held nine meetings, reviewed 17 proposals including the Report on the Work of the Board of Supervisors for 2022, the Report on Performance Evaluation and the Report on the Assessment Opinions about the Development Strategy, heard 34 reports including the business operation, implementation of strategy planning and risk management of the Bank, and reviewed 35 special reports including the quarterly supervision, special survey reports of the Board of Supervisors and the implementation of supervision suggestions of the Board of Supervisors.

Attendance of Supervisors of the Bank in meetings during the reporting period was as follows:

Attendances in person/Number of meetings that should be attended

Supervisor	Shareholders' General Meeting	Board of Supervisors
Huang Li	2/2	7/9
Zhang Jie	2/2	9/9
Liu Lanbiao	2/2	9/9
Supervisor Leaving Office		
Wu Xiangjiang	0/0	1/1

Note: For the change of Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management — Appointment and Removal".

Securities Transactions of Directors and Supervisors

The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which are no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix C3 to the Hong Kong Listing Rules). After making enquiries to all Directors and Supervisors of the Bank, each Director and Supervisor confirmed that he/she has complied with the provisions of the aforesaid codes of conduct during the reporting period.

Senior Management

Responsibilities of the Senior Management

As the executive organ of the Bank, the Senior Management is accountable to the Board of Directors. The Senior Management is responsible for, among others, the operation and management of the Bank; organizing the implementation of operation and investment plans approved by the Board of Directors; formulating specific rules and regulations of the Bank; determining plans for compensation distribution and performances evaluation of persons in charge of internal departments and branches of the Bank (except for the internal audit department); truthfully reporting to the Board of Directors or the Board of Supervisors on the business performance; drafting the annual financial budget plan, final account plan, profit distribution plan and loss recovery plan, plans for increase or reduction of the registered capital, the issuance of bonds or other securities and listing, and making suggestions in that respect to the Board of Directors.

Powers and Functions of the Senior Management

The powers of the Board of Directors and the Senior Management are separated in strict compliance with the Articles of Association and other corporate governance documents of the Bank. During the reporting period, the Bank made an inspection on the implementation of the plan on authorization of the Board of Directors to the President, and no matter was found to be beyond the approval authority of the President.

Shareholders' Rights

Proposing the Convening of an Extraordinary General Meeting

An extraordinary general meeting should be convened within two (2) months from the date when shareholders holding more than ten percent (10%) of the voting shares of the Bank, either individually or jointly, request to convene in writing. Proposing shareholders shall have the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall make a written response as to whether or not it agrees to convene such a meeting within ten (10) days upon receipt of the request in accordance with laws, administrative regulations, rules and the Articles of Association of the Bank. Reasonable expenses incurred from the case where shareholders convene the meeting by themselves due to the failure of the Board of Directors to convene the meeting shall be borne by the Bank, and deducted from the payment to those negligent directors.

Submitting Interim Proposals for the Shareholders' General Meeting

Shareholders who hold more than three percent (3%) of shares of the Bank, either individually or jointly, may prepare an interim proposal and submit it in writing to the Board of Directors ten (10) days before the Shareholders' General Meetings convened. The Board of Directors shall issue a supplementary notice for the Shareholders' General Meeting within two (2) days upon receipt of the proposal and submit such proposal to the Shareholders' General Meeting for approval.

Putting Forward Suggestions and Reviewing Documents

Shareholders are entitled to supervise business operation of the Bank and put forward suggestions or inquiries accordingly. Shareholders are entitled to review the information of the Bank such as the Articles of Association, the register of shareholders, documents on the status of share capital and minutes of Shareholders' General Meetings, etc.

Special Provisions on Rights of Preference Shareholders

In the following circumstances, preference shareholders of the Bank have the right to attend the Shareholders' General Meeting and exercise voting rights: (1) amendments to the Articles of Association which relate to preference shares; (2) the reduction of the registered capital of the Bank by more than 10% (either separately or in aggregate); (3) merger, division and dissolution or change of corporate form of the Bank; (4) issuance of preference shares; and (5) other events specified in the Articles of Association that will change or abrogate the rights of preference shareholders. If any of the above circumstances occurs, the notice of a Shareholders' General Meeting shall be given to preference shareholders in accordance with the notification procedures applicable to ordinary shareholders as specified in the Articles of Association.

In the event that the Bank fails to pay the agreed dividend to preference shareholders for three years in aggregate or for two consecutive years, from the next day following the date of approval of the proposal not paying the agreed dividend for the current year by the Shareholders' General Meeting, preference shareholders shall be entitled to attend and vote (together with ordinary shareholders) at the Shareholders' General Meeting. For preference shares the dividend of which is non-cumulative, the voting rights shall be temporarily restored until the full payment of the agreed dividend for the current year by the Bank.

Other Rights

Ordinary shareholders of the Bank have the right to collect dividends and other forms of benefits distributed on the basis of the number of shares held by them; preference shareholders shall be entitled to rights to dividends in priority to payment of dividends to ordinary shareholders. Shareholders have other rights conferred by laws, administrative regulations, rules and the Articles of Association of the Bank.

Inside Information Management

The Bank manages inside information and insiders in accordance with regulatory requirements of the exchanges on which the Bank is listed and the Bank's rules, and conducts the collection, delivery, sorting, preparation and disclosure of relevant information in compliance with applicable laws and regulations. During the reporting period, the Bank continued to strengthen inside information management, timely organized the completion of insider lists and regularly conducted insider transaction self-inspections. After self-inspections, none of the insiders of the Bank were found to be involved in dealings in shares of the Bank who have taken advantage of inside information during the reporting period.

Investor Relations

Effective Communication with Shareholders and Review of Investor Relations Activities

The Bank carried out the investor relations management in accordance with the regulatory requirements in the place of listing. With consistent adherence to the investor-centered approach, the Bank has established an effective communication mechanism with investors based on the principle of serving investors in a comprehensive, proactive, precise, coordinated and efficient manner. The Bank made constant and extensive communication with investors and analysts through channels like press conferences in relation to periodic results announcements, domestic and overseas non-deal roadshows, investor hotline, investor relations mailbox, investor relations website and the online platform of SSE E-interactive, and made records of these activities according to relevant regulatory requirements, striving to improve its work accuracy and service quality regarding investor relations.

During the reporting period, the Bank had effective communication with the investors. The Bank held the briefing conference on annual results in the form of "on-site meeting + webcast + global telephone" in Hong Kong and Beijing simultaneously. It was awarded the "Best Practice of the Annual Report Presentation of Listed Companies" again by the China Association for Public Companies. The Bank strengthened multi-dimensional interaction with investors, carried out proactive and targeted investor relation activities at a high frequency through "online + offline", "one-to-one and one-to-many" forms, held investor relation activities themed ESG and green finance and reverse roadshow of "path to high-quality development" etc., so as to alleviate investors' concerns with market-oriented, international and professional expressions. The Bank took solid steps to protect the legitimate rights and interests of small and medium-sized investors, actively responded to inquiries about the platforms and channels such as SSE E-interactive, investor hotline, investor relation mailbox, etc., and held a series of special ICBC activities of "understanding my listed company — accessing to blue chip".

In 2024, the Bank will further and proactively deepen the communication and exchange with investors to enhance investors' understanding and recognition of the Bank and continue to protect legitimate interests of the investors, at the same time, the Bank hopes to receive more support and attention from its investors.

Investor Enquiries

If an investor wishes to enquire any questions related to operation performance of the Bank, please contact:

Telephone: 86-10-66108608

Facsimile: 86-10-66107571

E-mail: ir@icbc.com.cn

Address: Corporate Strategy and Investor Relations Department, Industrial and Commercial Bank of China Limited, 55 Fuxingmennei Avenue, Xicheng District, Beijing, China

Postal code: 100140

Internal Control

The Board of Directors of the Bank is responsible for formulating the basic systems for internal control and supervising the implementation of such systems; the Audit Committee of the Board of Directors is responsible for supervising the establishment of internal control system and evaluating the compliance and effectiveness of the Bank's significant business and management activities. The Bank has set up the Internal Audit Bureau and Internal Audit Sub-bureaus under vertical management, which are accountable to and report to the Board of Directors. The Senior Management of the Bank is responsible for formulating systematic policies, procedures and methods, as well as taking risk control measures. Under the Senior Management, the Operational Risk and Internal Control Management Committee subordinated to the Risk Management Committee, performs the responsibilities related to internal control and evaluates the sufficiency and effectiveness of internal control. The Head Office and tier-one branches (branches directly managed by the Head Office) have internal control and compliance departments which are responsible for the organization, promotion and coordination of internal control.

During the reporting period, the Bank promoted the building of internal control system and put forth efforts on improving the adaptability of internal control in a forward-looking manner, according to the changes in external risk situation and the need for implementation of internal operation and management strategies. The Bank continued to implement the 2021-2023 Development Plan for Internal Control System and carried out the compliance culture activity with the theme of "Year for Value Improvement" in depth to continuously enhance the Group's employees' awareness of internal control compliance; in alignment with the New Capital Regulation, the Bank deepened the application of big data and IT, improved risk assessment techniques and methods, and strove to enhance the ability to identify with foresight and to respond to "9+X" risks[1]; the Bank steadily promoted the development and optimization of policies, deeply implemented the optimization of procedures and system control, placed equal emphasis on improving control design and strengthening implementation, and continuously developed better capacities in the whole-process control; the Bank deeply pushed forward the development of D-ICBC, strengthened the collection, processing and analysis of information, and facilitated smooth and effective exchange on internal and external information; the Bank deepened the coordination of supervision and inspection, and connection of various forms of supervision, strengthened closed-loop remediation of issues and accurate and serious accountability, and enhanced the connection between "regulations, discipline and laws" for supervision cohesion to ensure high-level of security.

Internal Control Assessment Report and Internal Control Audit

While disclosing the annual report, the Bank also disclosed the 2023 Internal Control Assessment Report of Industrial and Commercial Bank of China Limited in accordance with the requirements of MOF, CSRC and SSE. The report stated that the Bank had maintained effective internal control over financial reporting in all material aspects in accordance with the standard system for enterprise internal control and relevant rules as at 31 December 2023 (benchmark date). Deloitte Touche Tohmatsu Certified Public Accountants LLP has audited the effectiveness of the Bank's internal control over financial reporting as at 31 December 2023 and issued the unqualified audit report on internal control. For details, please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

Internal Control Evaluation and Defects

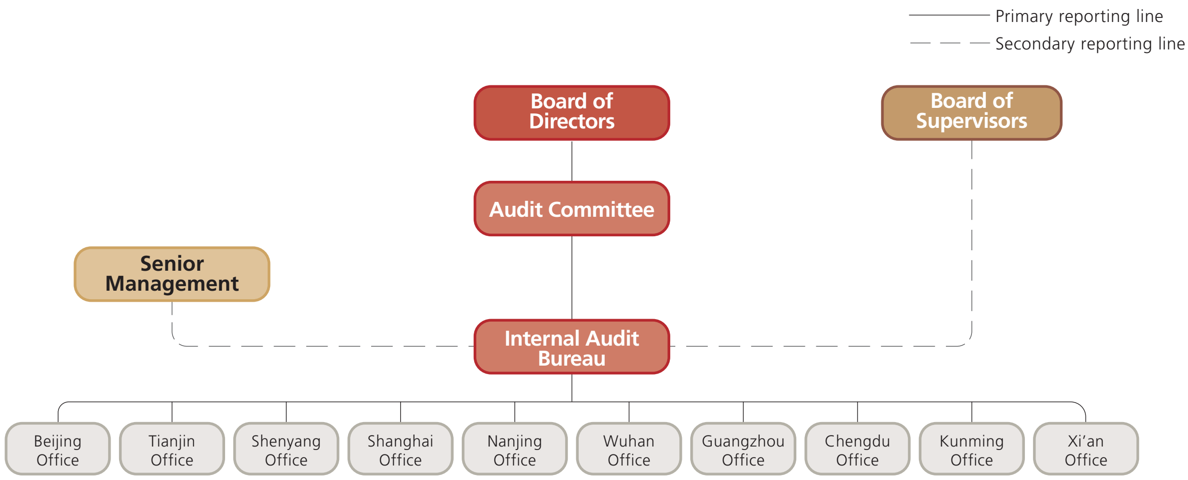
The Board of Directors of the Bank conducted an assessment of the effectiveness of the Group's internal control during the reporting period in accordance with the Basic Standard for Enterprise Internal Control and its supporting guidelines issued by five ministries and commissions including MOF, the Circular on Further Improving the Effectiveness of Internal Control over Financial Reports of Listed Companies issued by MOF and CSRC, the Self-regulatory Guidelines for Listed Companies No. 1 — Standardized Operation issued by SSE and relevant regulatory requirements of NFRA. No material or significant deficiencies were detected in the Bank's internal control system during the assessment. Risks that may arise from ordinary deficiencies are controllable and corrective actions have been or are being taken, which have no material impact on the fulfillment of internal control objectives of the Bank. The Bank had maintained effective internal control in all material aspects in accordance with the standard system for enterprise internal control and relevant rules.

There was no factor that affected the assessment conclusion of internal control effectiveness from the benchmark date to the issuance date of the internal control assessment report.

1 9+X risks include credit risk, market risk, operational risk, liquidity risk, interest rate risk in banking book, reputational risk, strategic risk, country risk, information technology and cyber security risk, compliance risk, money laundering risk, product risk, climate risk and other risks.

Internal Audit

The Bank established a vertical and independent internal audit management system composed of the Internal Audit Bureau and ten Internal Audit Sub-Bureaus, which are accountable to and report to the Board of Directors, and shall accept the inspection, supervision and evaluation by the Audit Committee of the Board of Directors and the supervision and guidance by the Board of Supervisors. The Internal Audit Sub-bureaus, acting as the subordinate agencies of the Internal Audit Bureau, are accountable to, and shall report to, the Internal Audit Bureau. The chart below illustrates the internal audit management and reporting framework of the Bank:



During the reporting period, the Bank implemented risk-oriented audit activities according to the development strategies and central tasks of reform and transformation of the Bank. The Bank expanded the audit coverage of major areas, various risks, key institutions, and key minorities, and comprehensively accomplished the annual audit plan. The audit focused on the Bank's performance in implementing national policies, meeting regulatory requirements, improving the quality and efficiency of strategy implementation, strengthening risk prevention and control and other aspects, covering such areas as credit business, financial benefit, emerging business, FinTech, operation management, capital management and internal control. The Bank also paid close heed to and made full use of audit findings and recommendations, with the aim of continuously improving risk management, internal control and corporate governance.

During the reporting period, the Bank actively adapted to the changes in the risk management conditions, promoted the transformation of operation model of audit projects, increased the allocation of audit resources and continuously improved audit efficiency and value. The Bank sped up the digital transformation of audit, enhanced the information system support capabilities, and expanded the coverage of audit model system. The Bank deepened the transformation of the internal audit mechanism, strengthened the cultivation, selection and management of audit personnel, and improved the ability to perform the duties of the audit team. The Bank well conducted "second half of the chapter" of the audit remediation, improved the quality and efficiency of supervision and audit coordination, strengthened the interconnection with other supervisions, and effectively enhanced the cohesion of internal and external supervisions.

Engagement of Auditors

Deloitte Touche Tohmatsu Certified Public Accountants LLP[1] was the domestic auditor of the Bank for the financial statements audit in 2023, and Deloitte Touche Tohmatsu[1] was the international auditor of the Bank for the financial statements audit in 2023. Deloitte Touche Tohmatsu Certified Public Accountants LLP was also the auditors of internal control of the Bank in 2023. Deloitte Touche Tohmatsu Certified Public Accountants LLP, Deloitte Touche Tohmatsu (collectively, the "Deloitte Touche Tohmatsu"), Audit Project Partner and Signatory Certified Public Accountant (Wu Weijun), and Signatory Certified Public Accountant (Zeng Hao) have rendered audit services for the Bank for three consecutive years (2021-2023).

During the reporting period, the Group paid Deloitte Touche Tohmatsu and its member institutions a total fee of RMB184 million for the audit of financial statements (including the audit of financial statements of subsidiaries and overseas branches), of which, RMB104 million (including fee for internal control audit of RMB8.80 million) was paid by the Bank.

1 Deloitte Touche Tohmatsu Certified Public Accountants LLP is the Recognized Public Interest Entity Auditor under Hong Kong's Financial Reporting Council Ordinance. Deloitte Touche Tohmatsu is the Registered Public Interest Entity Auditor under Hong Kong's Financial Reporting Council Ordinance.

During the reporting period, Deloitte Touche Tohmatsu and its member institutions provided the Group with non-audit services including professional services for asset securitization and bonds issuance etc., and received RMB8 million for such professional non-audit services.

Management on Subsidiaries

For the information of management and control on subsidiaries, please refer to "Discussion and Analysis — Business Overview — Comprehensive Operation and Subsidiary Management — Major Controlled Subsidiaries and Equity Participating Company".

Whistleblowing Rules

The Bank continued to improve the four-in-one whistleblowing and acceptance system of "network, telephone, letter, and visit", and adhered to designated personnel acceptance, collective investigation and judgment, ledger management, tracking and supervision. Regarding the whistleblowing matters, the Bank followed the principles of "seeking truth from facts, complying with laws and regulations, safeguarding legal rights and taking responsibility at different levels". In terms of institutional and mechanism development, the Bank formulated the working system for handling reporting and accusations, and clearly defined a territorial jurisdiction and multi-level and classified handling mechanism for reporting clues, as well as the protection mechanism for whistleblowers, etc. In terms of system development and staffing, it developed a whistleblowing management system in the Group's Internal Control and Compliance Management Platform (GICC), and appointed whistleblowing management personnel in all domestic branches. In terms of daily management, the Bank pushed forward the development of risk reminder mechanism, analysis and summary mechanism, and communication, investigation and negotiation mechanism. It gave full play to the role of whistleblowing in supervision, timely discovered cases and risk clues, investigated and handled violations, so as to maintain business order. The Bank also deepened the governance of sources of complaint letters and visits, and intensified special remediations against repeated whistleblowing, so as to constantly improve the quality and efficiency of supervision by the public.

Anti-corruption Policy

The Bank adhered to tackling both the manifestations and the sources of corruption, and deepened systematic governance to ensure all personnel do not dare to, are unable to and have no desire to commit corruption. The Bank focused on key issues, key areas, key targets, new corruption and hidden corruption, and enhanced the joint efforts of regulatory supervision, audit supervision, compliance supervision and judicial supervision in finding and punishing financial corruption. It intensified the investigation and handling of cases, formulated the guidelines for the release of information on serious duty-related illegal and criminal cases, and continuously enhanced the deterrent effect of investigation and handling of cases. The Bank improved the working mechanism of promoting reform through cases and promoting governance through cases, established a list of rights and responsibilities and a system of responsibilities, improved the power operation mechanism that links decision-making, review, implementation, supervision and accountability, strengthened the prevention and control of integrity risks, and spared no efforts to block all kinds of risk loopholes. The Bank actively promoted the building of a clean and honest ICBC in the new era, formulated the system to accelerate the building of a clean and honest ICBC, and established a clean and honest culture and education base. It also launched the "Clean+" campaign, actively cultivated a clean and honest culture, publicized the concept of integrity and integrity models, promoted the honest family tutoring and family style, and regularly carried out integrity education. Moreover, the Bank deepened case-based learning, created new warning education methods, and strengthened classified warning education and exposure to different management levels through various methods such as WeChat publicity, shooting warning films, making and issuing warning documents, and holding warning education conferences, to build a solid anti-corruption dam.

Principal Business The principal business of the Bank and its subsidiaries is the provision of banking and related financial services. Please refer to the section headed "Discussion and Analysis" for the business review of the Bank.

Profits and Dividends Distribution

The profit and financial status of the Bank during the reporting period are presented in the Auditor's Report and Financial Statements of this annual report.

As approved at the Annual General Meeting for the Year 2022 held on 29 June 2023, the Bank has distributed cash dividends of about RMB108,169 million, or RMB3.035 per ten shares (pre-tax) for the period from 1 January 2022 to 31 December 2022 to the ordinary shareholders whose names appeared on the share register after the close of market on 14 July 2023.

The Board of Directors of the Bank proposed distributing cash dividends for ordinary shares of RMB3.064 (pre-tax) for each ten shares of 356,406,257,089 ordinary shares for 2023, totaling about RMB109,203 million. The distribution plan will be submitted to the Annual General Meeting for the Year 2023 for approval. Once approved, the above-mentioned dividends will be paid to the holders of A shares and H shares whose names appeared on the share register of the Bank after the close of market on 15 July 2024. The Bank will suspend the registration procedures of H share ownership transfer on 10 July 2024 (inclusive) through 15 July 2024 (inclusive). The holders of H shares of the Bank that desire to receive the proposed cash dividends but have not registered the ownership transfer documents are requested to hand over their ownership transfer documents together with the relevant share certificates to the Bank's H share registrar — Computershare Hong Kong Investor Services Limited that is located at Rooms 1712-1716, 17 Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 9 July 2024. Pursuant to relevant regulatory requirements and operational rules, dividends on A shares and H shares will be paid on 16 July 2024 and 19 August 2024, respectively.

For dividend-related tax and tax reduction, please refer to the announcements on dividend distribution of the Bank.

The Bank did not convert any capital reserve to share capital in the last three years. The table below sets out the cash dividend distribution of ordinary shares for the last three years:

Item	2023	2022	2021
Dividend per ten shares (pre-tax, in RMB yuan)	3.064	3.035	2.933
Cash dividends (pre-tax, in RMB millions)	109,203	108,169	104,534
Percentage of cash dividends[1] (%)	31.3	31.3	30.9

Note: (1) Calculated by dividing cash dividends on ordinary shares (pre-tax) by net profit attributable to ordinary shareholders of the parent company for the period.

For details on the distribution of dividends on preference shares, please refer to the section headed "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Preference Shares".

Formulation and Implementation of Cash Dividend Policy

The Articles of Association of the Bank explicitly stipulates that the Bank's profit distribution policy shall maintain its continuity and stability and meanwhile have regard to the long-term interest of the Bank, the overall interests of all shareholders and the sustainable development of the Bank. It emphasizes the priority to adopt cash dividend as the profit distribution method and provides that the Bank's adjustment to the profit distribution policy shall be discussed by the Board of Directors as a special proposal and the grounds for adjustment shall be substantiated and proved in detail and presented in a written substantiating report for Independent Non-executive Directors to issue their opinions, and then the report will be submitted to the Shareholders' General Meeting for approval as a special resolution.

The formulation and implementation of the Bank's cash dividend policy accords with the provisions stipulated in the Articles of Association and the requirements provided in the resolutions of the Shareholders' General Meeting, the dividend distribution standards and proportion are clear and explicit, and the decision-making procedure and mechanism are complete. Moreover, Independent Non-executive Directors had issued their opinions for it. Minority shareholders can fully express their opinions and appeals, to completely safeguard their legitimate rights.

Distributable Reserves Details of the distributable reserves of the Bank as at 31 December 2023 are set out in "Note 40. to the Consolidated Financial Statements: Reserves" of this annual report.

Financial Summary The summary of results, assets and liabilities for the five years ended 31 December 2023 is set out in the section headed "Financial Highlights" of this annual report.

Donations During the reporting period, the Group made external donations of RMB135.35 million equivalent.

Debentures Issued During the reporting period, please refer to the section headed "Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Details of Securities Issuance and Listing" for information on the debentures issued by the Bank.

Subsidiaries Particulars of the Bank's major subsidiaries as at 31 December 2023 are set out in the sections headed "Discussion and Analysis — Business Overview" and "Note 25. to the Consolidated Financial Statements: Investments in Subsidiaries" in this annual report.

Share Capital and Public Float

Particulars on the share capital of the Bank for the year ended 31 December 2023 are set out in "Note 38. to the Consolidated Financial Statements: Share Capital".

As at the latest practicable date before the disclosure date of the results, the Bank has maintained the minimum public float of 23.45%, based on the publicly available information and to the best knowledge of the Board of Directors of the Bank.

Purchase, Sale and Redemption of Shares During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed shares of the Bank.

Pre-emptive Rights The Articles of Association of the Bank does not have any mandatory provision regarding pre-emptive rights. Pursuant to the Articles of Association, the Bank may increase its registered capital after obtaining approval of the Shareholders' General Meeting and of relevant authorities, by issuing shares through public or non-public offering, issuing bonus shares to the existing shareholders, converting capital reserve to share capital or using other methods as allowed by applicable laws and administrative regulations or approved by relevant authorities.

Major Customers In 2023, the aggregate interest income and other operating income from top five customers of the Bank did not exceed 30% of the interest income and other operating income of the Bank for the year.

Use of Proceeds from Fundraising Activities

All the funds raised from the Bank's fundraising activities were used for the purposes as disclosed in the prospectuses, namely, strengthening the capital base to support the ongoing business growth of the Bank.

For future planning disclosed in the public disclosure documents such as previous offering prospectuses and fund raising prospectuses issued by the Bank which has continued during the reporting period, its implementation progress conformed to the planning as described after verification and analysis.

Equity-linked Agreement The Bank had no equity-linked agreements required to be disclosed by the Hong Kong Listing Rules.

Management Contracts During the reporting period, the Bank did not enter into or have any contract regarding the management and administration of the whole or any important business.

Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts of Significance During the reporting period, none of the Directors or Supervisors of the Bank or their connected entities had any material interests, whether directly or indirectly, in any transaction, arrangement or contract of significance regarding the Bank's business to which the Bank, its subsidiaries, its controlling shareholders or subsidiaries of its controlling shareholders was a party. None of the Directors or Supervisors of the Bank have entered into any service contract with the Bank, which is not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Competing Business None of the Bank's Directors held any interests in any business competes or competed or is or was likely to compete, either directly or indirectly, with the Bank.

Directors' and Supervisors' Rights to Acquire Shares or Debentures None of the Bank, its subsidiaries, its controlling shareholders or subsidiaries of its controlling shareholders entered into any agreement or arrangement enabling the Directors or Supervisors to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors As at 31 December 2023, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

Related Party (Connected) Transactions

In 2023, the Bank carried out standardized management of the Group's related party (connected) transactions in strict accordance with the regulations of NFRA and CSRC as well as listing rules in Shanghai and Hong Kong, and had no related party (connected) transaction to be submitted to the Board of Directors or the Shareholders' General Meeting for review. All related party (connected) transactions occurred complied with the disclosure exemptions under the Listing Rules of the Shanghai Stock Exchange and the Hong Kong Listing Rules. The disclosure exemptions abided by the provisions of SSE for disclosure of related party transactions as well as the provisions of SEHK for reporting and announcement of connected transactions.

At the end of the reporting period, the Bank's balance of credit related party transactions and the balance of non-credit related party transactions under the rules of NFRA amounted to RMB900,672 million and RMB386,973 million, respectively. The increase in the scale of related party transactions was mainly because the scope of related party identification of the Bank was expanded to cover all domestic and overseas subsidiaries of the Group after the official implementation of the Administrative Measures for Related-Party Transactions of Banking and Insurance Institutions (CBIRC Decree [2022] No. 1) since 1 March 2023, and the number of related party transactions increased correspondingly.

Please refer to "Note 48. to the Consolidated Financial Statements: Related Party Disclosures" for details of the related party transactions defined under the laws, regulations and accounting standards of China.

Liability Insurance of Directors, Supervisors and Senior Management Members Pursuant to the Articles of Association of the Bank, where conditions permit, the Bank may establish the professional liability insurance system of Directors, Supervisors and Senior Management members upon approval of the Shareholders' General Meeting. The Bank will use its own assets to compensate each Director, Supervisor and Senior Management member for any liability arising during their performance period to the maximum extent permitted by laws and administrative regulations or within the scope not prohibited by laws and administrative regulations, unless the Directors, Supervisors and Senior Management members are otherwise proved to have failed to act honestly or in good faith during their duty performance. During the reporting period, the Bank purchased liability insurance for Directors, Supervisors and Senior Management members.

Relations among Directors, Supervisors and Senior Management Directors, Supervisors and Senior Management members of the Bank are not related to one another with respect to finance, business, family, or other material relationships which are required to be disclosed.

Remuneration Policy for Directors, Supervisors and Senior Management The Bank has clearly documented the remuneration policy for Directors, Supervisors and Senior Management members, and has continuously improved its performance assessment system and incentive restriction mechanism. From the perspectives of creating economic benefit, serving the real economy and fulfilling social responsibilities, as well as preventing and controlling financial risks, the Bank adopted a system composed of the Bank's overall operation and management based indicators for the Management and duties allocation based indicators for individuals. The remuneration to the Chairman of the Board of Directors, the President and Senior Executive Vice Presidents has followed the State's policies relating to the remuneration reform on executives of central enterprises, which consists of basic annual remuneration, performance-based remuneration and incentive income linked to term appraisal. The remuneration to other Senior Management members consists of basic annual remuneration and performance-based remuneration, and part of performance-based remuneration is paid in a deferred manner. The Bank has contributed to statutory retirement programs organized by Chinese governmental organizations at different levels for Directors, Supervisors and Senior Management members concurrently as the employees of the Bank. Upon obtaining all applicable approvals, the Bank will implement a long-term incentive program. As at 31 December 2023, the Bank had not granted any share appreciation rights to any Director, Supervisor, Senior Management member, or other core business personnel designated by the Board of Directors.

Members of the Board of Directors

As at the disclosure date of the results, the composition of the Board of Directors of the Bank is as follows:

Executive Directors: Mr. Liao Lin and Mr. Wang Jingwu;

Non-executive Directors: Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang and Mr. Dong Yang;

Independent Non-executive Directors: Mr. Yang Siu Shun, Mr. Shen Si, Mr. Fred Zuliu Hu, Mr. Norman Chan Tak Lam and Mr. Herbert Walter.

Industrial and Commercial Bank of China Limited

Board of Directors

Report of the Board of Supervisors

Work of the Board of Supervisors

During the reporting period, the Board of Supervisors, pursuant to relevant laws and regulations, regulatory requirements and the Articles of Association, performed supervision duties earnestly. It carried out supervision of duty performance and due diligence, financial activities, risk management, internal control and compliance, etc. in a down-to-earth way. Focusing on institutional issues and major risks of the whole Bank, the Board of Supervisors gave play to its supervisory role in corporate governance, and promoted the legal, compliant operation and development across the Bank.

Performance of the Board of Supervisors. In 2023, the Board of Supervisors held nine meetings, reviewed 17 proposals including proposals on the 2022 work report of the Board of Supervisors, assessment report on the duty performance, and report regarding the assessment opinions on development strategies, heard 34 reports on the topics including the operation, strategy planning and implementation, and risk management of the Bank, and reviewed 35 special reports including reports on the quarterly supervision, special surveys conducted by the Board of Supervisors, and implementation of supervisory recommendations by the Board of Supervisors. The members of the Board of Supervisors diligently and faithfully fulfilled their duties, issued opinions in an objective and fair manner, and appropriately exercised voting rights. They attended two Shareholders' General Meetings, and attended nine meetings of the Board of Directors and 28 meetings of special committees as non-voting attendees. They input adequate time and efforts in supervisory inspections and surveys. They sent 14 supervisory proposal letters to relevant departments, giving full play to the role in supervising corporate governance. They attached great importance to theoretical learning and actively participated in training and seminars, with an aim to continuously build up their duty performance ability. External supervisors worked for more than 15 working days in the Bank, complying with the relevant requirements.

Supervision on the performance of duties. The Board of Supervisors supervised the Board of Directors, Senior Management and their members on their compliance with the laws, regulations and the Articles of Association, on their implementation of decisions and plans made by the CPC Central Committee, on their attendance of meetings and expression of opinions, and on their execution of the resolutions reached at the Shareholders' General Meetings and the meetings of the Board of Directors. Focused on functioning as the key role in serving the real economy and the ballast stone role in maintaining financial stability, the Board of Supervisors made coordinated efforts to advance various aspects of work such as maintaining stable growth, adjusting structure, fostering new drivers, preventing risks and breaking new ground, implemented major strategic decisions of the state and strategies of the Bank, promoted operational transition to attain high-quality development, and stepped up financial support in the fields of inclusive finance, green finance, sci-tech innovation, manufacturing sector, and rural revitalization, in a bid to prevent and defuse financial risks and regulate the operation of the corporate governance system. The Board of Supervisors made special evaluations on the implementation of the strategic assessment and information disclosure system, and effectively carried out the annual performance assessment. The Board of Supervisors conducted in-depth research on supporting the rural revitalization strategy and enhancing the competitiveness of outlets, and played an active role in promoting the implementation of the strategies, deepening the structural adjustment, and improving the management efficiency and value contribution of outlets.

Financial supervision. The Board of Supervisors regularly heard the reports on the operations of the Bank and the auditing results of financial reports, earnestly reviewed periodic reports, final accounts, and profit distribution plan. Meanwhile, it oversaw the work done by the external auditor, and assessed the performance of duties of the auditor annually. It supervised major financial decisions and their implementation, conducted spot checks on major financial approval and accounting matters, and strengthened the management of expected credit losses and the supervision of provisioning and retention. It strengthened the supervision over financial resource allocation and financial compliance management, focusing on performance assessment, formulation and implementation of expense allocation policies, and implementation of internal and external supervision and inspection opinions. The Board of Supervisors conducted in-depth special surveys on financial expense management and centralized procurement management, promoted the efficiency of financial resource allocation, and reinforced the prevention and control of centralized procurement risks.

Risk supervision. The Board of Supervisors supervised the soundness and effectiveness of the risk management system. It paid close attention to a wide array of areas such as the risk control mechanism, risk management strategies, risk appetite and its transmission mechanism, risk management policies and procedures, capital management, consolidated management mechanism, group-wide implementation of the Five-pronged Risk Management Approach, measures to improve the four-pronged risk management approach to people, money, defense line and bottom line, and risk management requirements for "active prevention, smart control and comprehensive management". It regularly monitored the compliance of major risk indicators, and paid attention to and analyzed changes in regulatory policies and their impact on business operations of the Bank, in an effort to optimize or upgrade the enterprise risk management system. The Board of Supervisors conducted an in-depth survey on the risk management of local government debt financing and the competitiveness of sub-branches in counties. Particular attention was paid to exposing the holistic, systematic, rooted, and trend-revealing risks and hazards, as well as preventing and defusing material risks.

Supervision on internal control. The Board of Supervisors supervised the improvement of the internal control system made by the Board of Directors and Senior Management, and performed duties in relation to internal control and compliance management. It paid close attention to a wide array of areas such as the construction of compliance culture across the Group, the adequacy and effectiveness of the internal control system, the soundness of policies and systems, the operation of the internal control mechanism, the operation of the supervisory inspection system, and the empowering role of smart internal control. The Board of Supervisors reviewed the annual internal control assessment report of the Group, focused on regulatory concerns, development strategies, bank-wide central work and employee behavior management, and strengthened guidance on internal audit and internal control and compliance. It advanced the supervision on the internal control compliance management in major areas and for key institutions, and conducted in-depth special surveys on the internal control and compliance management, inclusive finance business development and internal control management of key institutions, to enhance the Group's internal control and compliance management capacity.

Independent Opinions of the Board of Supervisors on Relevant Issues

Compliant Operation During the reporting period, the Board of Directors and the Senior Management of the Bank continued to operate in compliance with applicable laws and regulations, and the decision-making procedures complied with applicable laws and regulations and the Articles of Association. Members of the Board of Directors and the Senior Management diligently and faithfully performed their duties, and the Board of Supervisors did not find any violation of laws and regulations, or any circumstance that contravened the interests of the Bank in their performance of duties during the reporting period.

Preparation of Annual Report Preparation and review procedures of the Bank's Annual Report were in compliance with laws, regulations and regulatory rules. Contents of this report reflected the actual conditions of the Bank truly, accurately and completely.

Use of Proceeds from Fundraising Activities During the reporting period, the use of proceeds from the Bank's fundraising activities was consistent with the purpose stated in the prospectuses.

Purchase and Sale of Assets During the reporting period, the Board of Supervisors did not find any insider trading or any circumstance that contravened the shareholders' interests or caused the loss of the Bank's assets in the process of the Bank's purchase or sale of assets.

Related Party Transactions During the reporting period, the related party transactions of the Bank were conducted on normal commercial terms. The Board of Supervisors did not find any circumstance that infringed upon the interests of the Bank. The approval, voting, disclosure and implementation of related party transactions complied with applicable laws and regulations and the Articles of Association of the Bank.

Implementation of Resolutions Passed at the Shareholders' General Meeting During the reporting period, the Board of Supervisors had no objection to the reports or proposals presented by the Board of Directors to the Shareholders' General Meetings for consideration. The Board of Directors earnestly implemented the resolutions approved at the Shareholders' General Meetings.

Review of the Internal Control Assessment Report The Board of Supervisors reviewed the 2023 Internal Control Assessment Report of the Bank and had no objection to the report.

Implementation of Information Disclosure Rules During the reporting period, the Bank performed its duty of information disclosure in compliance with the regulatory requirements, implemented the information disclosure management rules in earnest, and disclosed information in a timely and fair manner. Information disclosed was authentic, accurate and complete.

Save as disclosed above, the Board of Supervisors had no objection to any other matters during the reporting period.

ESG Governance Framework

The Board of Directors of the Bank actively performed its role in strategic decision-making and supervision, made continuous efforts to deepen ESG governance and refined the ESG governance framework. The Strategy Committee established under the Board of Directors was responsible for reviewing the annual social responsibility report and proposing suggestions to the Board of Directors. The Corporate Social Responsibility and Consumer Protection Committee under the Board of Directors was responsible for studying and deliberating the Bank's performance of social responsibility in environmental, social, governance, rural revitalization services and corporate culture, the Bank's strategies, policies and goals in consumer protection; strategies in green finance, development plans on inclusive finance business, basic management systems, annual operation plans for inclusive finance business, and measures of assessment and evaluation, and putting forward suggestions to the Board of Directors. The Board of Directors attached great importance to and continued to deepen the Bank's ESG governance. It actively promoted the Bank to improve its ESG governance framework and relevant governance systems and mechanisms by reviewing proposals, listening to reports, holding seminars and conducting surveys, and promoted the Bank to integrate environmental, social and governance requirements into its operation and development.

The Senior Management of the Bank was responsible for ESG management. The Senior Management set up the ESG and Sustainable Finance Committee and made it a supportive decision-making body to support the Senior Management to coordinate, lead and advance the green finance and ESG work. The ESG and Sustainable Finance Committee was responsible for implementing the Group's ESG and sustainable finance strategies and objectives, coordinating and promoting ESG and sustainable finance-related work of all business lines of all ICBC institutions, and guiding the development, operation and management of ESG and sustainable finance across the Bank.

The domestic institutions at all levels implemented the ESG and sustainable development concepts in their operation and management activities in accordance with laws, regulations and regulatory requirements, and the overseas institutions implemented them in accordance with local standards and regulatory requirements.

Green Finance

In 2023, the Bank persistently developed green finance from a strategic height and constructed a green finance system in a profound way. Under the coordinated leadership of the Board of Directors, the Senior Management, and the Green Finance Committee, the Bank systematically built a green finance development model with ICBC's characteristics from a number of dimensions such as governance structure, policy systems, product innovation, risk management, its own performance, brand promotion, international cooperation, and prospective study. Its all-around efforts to develop green finance met scheduled milestones. The Bank won a string of awards and honors, including the "Green and Sustainable Bank of the Year in China" by *The Asian Banker*, the "Best Green Finance Service Bank of the Year" by the *Financial News* (China), the "Top 1 Bank in China's New Finance Competitiveness List (Green Finance)" by *Southern Weekly*, and the "Green Finance Service Provider of the Year 2023" by *China Times*. In 2023, ICBC saw its MSCI ESG rating upgraded to AA, becoming the first listed bank in China to reach such rating.

The Bank continuously promoted the green and low-carbon transition of investment and financing structure. In terms of policy systems, centering around key areas of green development, the Bank, through medium and long-term investment and financing planning, adjusted its investment and financing layout with foresight. In investment and financing policies, it stressed the "green" orientation. In terms of industries, it positioned green industries like clean energy, clean production and energy conservation and environmental protection as key industries to extend support to, and developed differentiated policies. In terms of customers, it embedded enterprises' technology, environmental protection, energy consumption and other indicators into the selection criteria of key industry customers and projects. In terms of supporting mechanism, the Bank focused on key areas of green industries and increased weighted support in economic capital occupancy, authorization, pricing, scale, evaluation, etc. By the end of 2023, the Bank's balance of green loans (by the statistical standard of the NFRA) was nearly RMB5.4 trillion, representing an increase of nearly RMB1.4 trillion from the beginning of the year.

The Bank accelerated the innovation of green finance products and services. Utilizing a variety of means such as credit, bonds, equity, leasing, and funds, it continued to enrich its green finance "toolbox" and built a diversified green finance service system. The Bank issued its first global multi-currency carbon-neutral overseas green bond and the first carbon-neutral green finance bond among domestic commercial banks. The Bank issued overseas green bonds of USD4.23 billion and domestic green bonds of RMB60.0 billion in 2023. In addition, it launched innovative ESG-themed financial products and issued a number of green funds invested in the fields of ecological protection, ESG, carbon neutrality, etc. While continuously expanding a comprehensive package of green finance services, the Bank rolled out personal carbon accounts in mobile banking, which supported the redemption of green reward points to encourage green consumption. It took the lead in the industry in creating the service modes based on OFD cloud receipts and cloud statements, helping corporate customers reduce carbon emissions through financial digitalization.

The Bank improved environmental, social and governance risk control. The Bank strengthened the classification management for green investment and financing business, and actively prompted bond, leasing, and non-standard wealth management businesses to implement the green classification management. To exercise ESG risk control in a more systematic way, the Bank applied big data technology to the full credit process for automatic identification and intelligent control of risks, and supported the real-time collection of corporate ESG information in the process and the automatic risk alerts in the system. It promoted prospective study and risk management of biodiversity finance, innovatively implemented the risk control map system of ecological red lines, added the decision-making function of ecological red lines on the site selection of loan projects and gradually incorporated it into the whole-process management of credit business. The project results were published during the Second G20 Sustainable Finance Working Group meeting, providing an innovative solution to the worldwide common problem of biodiversity risk management which financial institutions face. With climate risk incorporated into its enterprise risk management system, the Bank further improved climate risk identification and assessment approaches, upgraded localized calibration techniques for Network of Central Banks and Supervisors for Greening the Financial System (NGFS) stress scenarios, completed annual stress testing for climate risk, promoted the inclusion of climate factors into the management application of internal rating, continuously updated climate risk database, and strengthened climate risk management training within the Group during the reporting period.

The Bank expanded the influence of its green finance. It continued to build the green finance brand "ICBC Green Bank+", advocated the "harmony, integration and amity" concept, and provided professional, comprehensive, and perspective financial support for green development. ICBC got actively involved in global exchanges and cooperation. It participated in side events of the United Nations Biodiversity Conference, the United Nations Climate Change Conference, etc., to share ICBC's solutions and make its voice heard. The Bank took advantage of the Belt and Road Inter-bank Regular Cooperation Mechanism (BRBR) to promote the international cooperation in the Belt and Road green and sustainable finance, and released the Belt and Road Green Finance (Investment) Index.

Green Operation

By using the independently developed statistical system for carbon footprint management data, the Bank collected historical emission data, conducted data attribution analysis, continuously carried out research on carbon peak and carbon neutrality in its own operation, and analyzed its potential for energy conservation and carbon reduction, offering data support for the low-carbon operation for the next step. Third-party professional companies were hired to verify the collected data through on-site inventory, document review and other methods, thus laying a solid foundation for carrying out the carbon peak and carbon neutrality-related work continuously.

Committed to "promoting green development, advocating green and low carbon, and building a green bank", the Bank actively advanced green office. During the reporting period, by holding paperless meetings, it saved nearly 6 million sheets of paper.

Consolidating and Building on Achievements in Poverty Alleviation and Services for Rural Revitalization

The Bank implemented the strategic arrangements for building up China's strength in agriculture at a faster pace, focused on "addressing the country's needs, giving full play to finance, and tapping into strengths of ICBC", continued to improve the rural financial service system, carried out the Urban-Rural Collaborative Development Strategy in depth, continuously consolidated the "1+6" basic framework of financial services for rural revitalization[1], and continued to carry out the themed activity called "Year for In-Depth Improvement of Financial Services for Rural Revitalization". As a result, financial supply for "agriculture, rural areas and farmers" was increased greatly, with the range covered by services expanding and the quality and efficiency of services improving continuously. The positive development momentum of financial services for rural revitalization was continuously cemented.

The Bank increased the supply of credit in support of rural revitalization. Committed to "securing bottom lines, bolstering vitalization, and reinforcing support", it kept increasing credit support for a wide range of areas such as food security, consolidation of achievements in poverty alleviation, rural industry, rural construction, rural governance, and rise of farmers' income, formulated and implemented on a pilot basis the investment and financing policy for high-standard cropland, and devised a program of exclusive services for modern protected agriculture, continuously improving the financial supply in key areas of rural revitalization. As at the end of 2023, the balance of agriculture-related loans of the Bank exceeded RMB4.24 trillion, representing an increase of more than RMB960.0 billion from the beginning of the year.

The Bank continuously shifted the focus of services downwards. It rolled out "Planting e Loan", a digital inclusive credit loan product focused on planting scenarios, and launched "Grain Planting Loan" for grain and oil producers to meet the capital needs arising from the planting and production processes. The Bank enriched financial services for new citizens by providing farmers, new citizens, and other groups with accessible, convenient and safe financial services. Besides, it developed a rural financial service delivery system integrated both online and offline, constructed inclusive financial service stations in rural areas, introduced the "Xingnongtong" APP of ICBC, and launched the "Going into the Countryside" campaign to provide financial services there.

The Bank unveiled innovative services with ICBC's characteristics. It released the "Agricultural Matchmaking" Top 10 Model Cases in cooperation with the Ministry of Agriculture and Rural Affairs of China, and carried out a wide range of matchmaking activities to strongly support the integrated development of the agricultural industry. The "Agricultural Matchmaking • Rural Industry Leader" training program and new farmer program "Partner Bellwether Plan" were carried out to help cultivate entrepreneurial villagers in the new era who would lead

1 The basic framework of service, with the Urban-Rural Collaborative Development Strategy as the center and the six basic systems for rural financial services as the pillars, including organization management, fundamental systems, rural service delivery, entire product system, categorized execution, and unified service brands.

others to increase income. Such featured service modes as "Bank-Guarantee Express" and "Bank-Insurance Express" were extensively promoted to provide "point-to-point" financial services for new agricultural business entities such as family farms and farmers' cooperatives. Meanwhile, the Bank facilitated intelligent rural governance relying on the "Digital Villages" comprehensive service platform, which covered all provinces nationwide and reached informatization cooperations with 1,244 agricultural and rural departments at the district and county level or above. The construction of the "ICBC Prosperous Agriculture" digital and intelligent service platform was promoted continuously to explore the application scenarios and value of new technologies such as big data, artificial intelligence, blockchain, and satellite-based remote sensing in the agricultural sector. Moreover, FinTech was used to optimize and innovate financial services for "agriculture, rural areas and farmers".

New progress was made in the field of targeted assistance. Focusing on "addressing local needs, giving full play to finance and tapping into ICBC strengths", the Bank increased the supply of financial services, innovated in financial assistance measures, selected the best and allocated more assistance forces, and solidly promoted the high-quality completion of annual assistance tasks. The characteristic industries of Nanjiang gazelle, Tongjiang white fungus, Wanyuan black chicken and Jinyang green zanthoxylum maintained healthy development, and the key assisted enterprises achieved annual sales growth. The Bank carried out brand assistance projects such as "Candlelight Program" for the 21st consecutive year and "Sailing Project" for the 20th year, and commended and trained 400 excellent rural teachers in the four counties and cities throughout the year. The Bank provided financial support to more than 1,800 students with living difficulties; and steadily promoted the "ICBC Agricultural Talent Training Program", covering more than 127 thousand grassroots talents in the four counties and cities. The Bank increased the investment in assistance, and supported the four counties and cities to continue to implement assistance projects in weak areas such as education, medical care and bottom-line support, to firmly hold the bottom line of no large-scale relapse into poverty.

In 2023, the Bank won a host of awards in the field of rural revitalization, including the "Top 10 Cases in Financial Support for Key Counties Designated to Receive Assistance for Rural Revitalization" from *China Banking and Insurance News*, the "Outstanding Cases in Financial Innovation for Rural Revitalization" from JRJ.com, the "Case of Inclusive Finance for Rural Revitalization" from China Banking Association, and the "Excellent Practice Cases of Financial Services for Rural Revitalization" from *China Urban-Rural Financial News*.

Consumer Protection

Guided by the philosophy of "finance for the people" and closely combined with the diversified needs of consumers for financial services under the new circumstances, the Bank was committed to incorporating the concept of financial consumer protection into the whole process of products and services to put consumer protection management on a solid footing and boost the customer complaints governance capabilities. The Board of Directors, the Board of Supervisors, and the Senior Management of the Bank worked harder to coordinate, guide, and oversee the consumer protection work, with consumer protection better embedded in corporate governance and operation and management strategies. The Consumer Protection Committee functioned as a deliberative and coordinating mechanism to actively perform the consumer protection duties of the Bank in terms of researching, planning, coordination, etc., ensuring the effective implementation of consumer protection management objectives and requirements. The committee further strengthened the "firewall" of policy, proactively aligned itself with the latest regulatory requirements, and improved a series of systems for consumer protection management, consumer protection review, financial education and literacy, etc., to refine the work requirements and strengthen the unified management of the Group in keeping with the times. To better play its role in appraisal and supervision, the committee optimized the appraisal indicators for consumer protection, increased the weight of appraisal, and oversaw and provided guidance for the Bank in performing efficient and in-depth consumer protection. It made concrete efforts to prevent risks in a more forward-looking manner, intensified consumer protection reviews on products in key segments such as personal banking, stepped up efforts to implement basic projects such as the competitiveness enhancement of outlets and the development of mobile banking APPs and the consumer protection under innovative businesses including inclusive finance and pension services, and made sure that consumer protection requirements could be fully met in terms of product design, policies and agreements, system development, marketing and publicity, etc. The committee established the new product (business) access control and post-evaluation mechanism for consumer protection, and embedded consumer protection requirements in the entire process (product design, product approval and launch, change and exit, etc.), so as to better safeguard the rights and interests of consumers. To actively get consumer protection thoroughly integrated with brand building projects and key initiatives such as rural revitalization, services for new citizens, and construction of an age-friendly society, the committee introduced a number of pro-people policies targeted at customers in rural areas and new citizens, diversified and optimized elderly-oriented products and services, and carried out the "Delivering Tangible Results for the People" campaign. In short, the consumer protection efforts better empowered the improvement and upgrading of financial services.

The Bank effectively fulfilled its social responsibilities to help consumers improve their financial literacy and skills for fraud identification and prevention. It made great efforts to carry out a series of activities such as "March 15th Consumer Protection Publicity Week", "Publicizing Financial Knowledge to Walk Ten Thousand Miles", and "Financial Education and Literacy Month". Focusing on key groups such as "senior citizens, young people, and new citizens" and highlighting critical missions of "carrying forward the spirit of Lei Feng", "ensuring fund security", "supporting consumption recovery", and "bringing together financial strength to create a better life", the Bank carried out a series of publicity activities of "visiting the rural, communities, campuses, enterprises, and business districts", which popularized the eight basic rights for consumers, risk identification and response measures, knowledge about safeguarding rights lawfully and rationally, and knowledge of investment and financial management, among others. Relying on 15.5 thousand ICBC Sharing Stations, the Bank organized the "Volunteer to Warm up the Spring, You and Me together" and other volunteering programs learning from Lei Feng, and a variety of activities themed on growth care, health care, and career care, providing a series of public benefit services for the public to meet the diversified needs of consumers. It made efforts to create a distinctive mode for digitalized publicity and innovatively used new media, artificial intelligence, and other diversified means, to carry out a host of popular activities such as consumer protection knowledge quizzes, AI-enabled interactions, scene plays, short videos, and microfilms, through which financial knowledge and anti-fraud techniques were disseminated to consumers plainly and straightforwardly, and the consumers are guided to learn, understand, trust and use finance.

The Bank continuously enhanced the coverage, coordination, and relevance of consumer protection training. With a series of bank-wide training courses on consumer protection, customer complaints management, customer service and experience management, and management of inclusive finance consumer protection organized with coordinated efforts, it focused on key business areas such as personal banking, bank cards, online banking, and precious metals to continuously instill consumer protection standards into employees through activities such as policy interpretation, business operations, and experience sharing. The Bank prioritized increasing the training of frontline staff such as customer service managers, wealth management managers, and outlet heads, which combined knowledge of consumer protection with business scenarios, analyzed typical cases of on-site services (business premises), standardized marketing and publicity activities, and dealt with customer complaints, etc., so as to effectively enhance the awareness of consumer protection and business skills among the primary-level employees and key position holders, and implement the concepts of and requirements for consumer protection effectively.

The Bank continued to strengthen customer complaints management, efficiently resolved the pressing difficulties and problems that concerned customers, and made every effort to build a bank satisfactory to the people, recording a customer satisfaction rate of 90.81% in 2023. The "Year for Deepening Complaint Management in Personal Finance" campaign was carried out, focusing on the businesses prone to customer complaints such as early repayment of personal loans, repayment negotiations about credit card debt, and automobile installments. Targeted solutions were devised to address these problems from the source, comprehensively improving the level of customer service. Meanwhile, the Bank constantly built up its complaints handling capacity, enhanced the online processing capacity of its customer service hotline (95588), and made the best of diverse dispute settlement mechanisms such as third-party mediation to resolve customers complaints and disputes quickly, in an effort to resolve conflicts and disputes as early as possible. The Bank quickened the transformation of and innovation in digital finance, promoted the intelligent governance mode for customer complaints, applied technologies such as robotics, natural language processing, and artificial intelligence generated content (AIGC) to the main sectors of complaints handling and management, and made monitoring and analysis activities more intelligent, thus achieving more remarkable results in complaints governance.

In 2023, the Bank received 204.9 thousand complaints from individual customers[1], averaging at 1,323 complaints from individual customers every 100 outlets and 2,758 every 10 million individual customers. By type of business, the complaints were concentrated in credit cards, personal banking, etc. Specifically, the complaints in credit cards were mainly about automobile installments, repayment negotiations, interest and fee disputes, and bank card application & change, while those in personal banking were mainly about residential mortgages, account control,

1 To present a more accurate picture of customer complaints, the Report has deleted repeated complaints and complaints about the "Card Close Action" against new-type cyber-telecom crimes in reporting the number of individual customer complaints in 2023.

and savings deposits. By region, the complaints were mainly distributed in Guangdong, Hubei, Jiangsu, Hebei, Sichuan, etc.

Public Welfare and Volunteer Activities

Public welfare brand building. In order to continuously deepen the long-term public welfare mechanism and polish the Group's public welfare brand, the Bank continued to carry out public welfare activities with clear themes and diversified forms under the leadership of "ICBC Sight Initiative". The Bank built a good situation of "sharing public welfare resources and jointly building public welfare projects", further demonstrating the responsibilities as a large state-owned bank. Through the "Lifeline Express" hospital project, the Bank donated a total of RMB33.40 million to carry out free eye surgery for nearly 14 thousand cataract patients to help them regain their sight. In cooperation with the Central Committee of the Communist Youth League and its affiliated foundations, the Bank supported the construction of the left-behind child care stations of the "Childlike Innocence Harbor" program in the four counties and cities, i.e., Nanjiang, Tongjiang, Wanyuan and Jinyang in Sichuan. A total of 150 "Childlike Innocence Harbor" stations were built, and the investment exceeded RMB10 million. Relying on the "Childlike Innocence Harbor" program, the Bank continued to improve the resource sharing and project co-building mechanism, well conducted matching of public welfare projects, served more than 10,000 rural left-behind children, and carried out more than 1,000 activities.

Volunteer activities. During the reporting period, 125 thousand young volunteers of the Bank participated in volunteer activities, raised nearly RMB1.30 million and served more than 1,912 thousand people. In order to consolidate the achievements in poverty alleviation, the Bank, together with the Blue Letter Rural Child Care Center, launched the Blue Letter Companion Program, starting the volunteer service tour with a monthly letter from young volunteers of ICBC to accompany the growth of rural children. In the 6th China Youth Volunteer Service Public Entrepreneurship Competition (National Competition), the program won the national gold award. During the reporting period, the Bank relied on 15.5 thousand "ICBC Sharing Stations" to expand the supply of convenience services in an orderly manner. The Bank carried out more than 95 thousand care-themed activities such as "Volunteer Spring, You and Me", "Trio of Summer Care" and "ICBC Sharing Station, Golden Autumn Care". It benefited more than 12.00 million people, including new citizens, outdoor workers, students taking the senior high school and college entrance examinations, and the elderly. Meanwhile, relying on the services of "ICBC Sharing Station", the Bank strengthened collaboration with volunteer service organizations to provide volunteer services, charity assistance and other public welfare services to the society, to build a "warm home" of volunteerism, care and aid.

For details of the Bank's fulfillment of social responsibilities, please refer to the 2023 Corporate Social Responsibility (ESG) Report of Industrial and Commercial Bank of China Limited published by the Bank on the website of SSE, the "HKEXnews" website of HKEX, and the website of the Bank.

QR Code link of the 2023 Corporate Social Responsibility (ESG) Report of Industrial and Commercial Bank of China Limited

Material Lawsuits or Arbitration Cases During the reporting period, the Bank incurred no material lawsuits or arbitration cases. It was involved in several legal lawsuits and arbitration in its ordinary course of business. Most of these cases were initiated by the Bank to recover non-performing loans, while some were related to disputes with clients. As at 31 December 2023, the amount of cases pending judgments or arbitrations awards in which the Bank and/or its subsidiaries are defendants totaled RMB6,659 million, and the Bank does not expect any material adverse effect from the above-mentioned cases on the Bank's business, financial position or operating results.

Material Assets Acquisition, Sale and Merger During the reporting period, the Bank had no material assets acquisition, sale or merger.

Credit Standing During the reporting period, neither the Bank nor its controlling shareholders had ever failed to fulfil obligations provided in effective legal documents issued by court for material lawsuits, nor had there been any outstanding debt of a significant amount.

Implementation of Share Incentive Plan and Employee Stock Ownership Plan during the Reporting Period During the reporting period, the Bank did not implement any share incentive plan or any employee stock ownership plan.

Key Audit Matters The Audit Committee has reviewed the key audit matters in the audit report and concluded that it is unnecessary to provide a supplementary explanation.

Material Related Party Transactions

During the reporting period, the Bank did not enter into any material related party transactions.

Please refer to "Note 48. to the Consolidated Financial Statements: Related Party Disclosures" for details of the related party transactions defined under the laws and regulations of China and the relevant accounting standards.

Material Contracts and Performance of Obligations thereunder

Material Trust, Sub-contract and Lease During the reporting period, the Bank had not held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations, which were subject to disclosure, and no other corporation had held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets, which were subject to disclosure.

Material Guarantees The provision of guarantees is in the ordinary course of business of the Bank. During the reporting period, the Bank did not have any material guarantee that needs to be disclosed except for the financial guarantee services within the business scope as approved by regulatory authorities.

Other Material Contracts During the reporting period, the Bank did not have any other material contracts which were subject to disclosure.

External Guarantees During the reporting period, the Bank did not enter any guarantee contract against the resolution procedures for external guarantees that are prescribed by laws, administrative regulations or CSRC.

Occupation of Fund by Controlling Shareholders and Other Related Parties During the reporting period, none of the controlling shareholders and other related parties of the Bank occupied any fund of the Bank. The auditors have issued the Special Explanation on the Occupation of Fund by Controlling Shareholders and Other Related Parties of Industrial and Commercial Bank of China Limited in 2023.

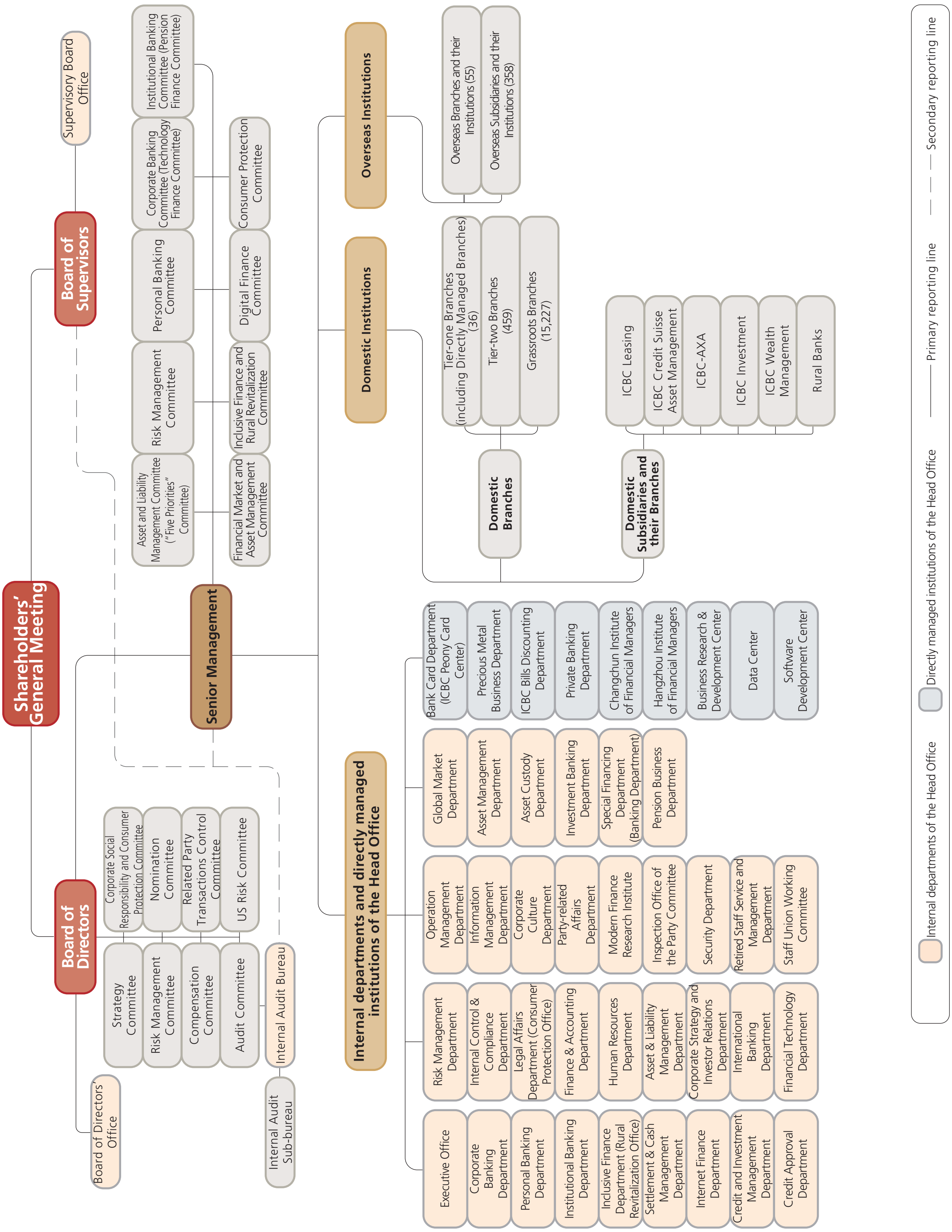
Commitments

As at 31 December 2023, all of the continuing commitments made by the shareholders were properly fulfilled and were listed as follows:

Shareholder	Type of commitment	Time and term of commitment	Legal document under which the commitment is made	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/ No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Share)	Provided that Huijin continues to hold any share of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will: (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of being a shareholder of the Bank or information obtained by taking advantage of the status of being a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	As at 31 December 2023, Huijin strictly fulfilled the above commitment and did not do anything in violation of the commitment.
		November 2010/ No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		
SSF	Commitment of performing the obligation of lock-up period for A shares	Taking effect from December 2019/ Above three years	Simplified Report of Changes in Equity of National Council for Social Security Fund	According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares.	As at 31 December 2023, SSF strictly fulfilled the above commitment and did not do anything in violation of the commitment.

Disciplinary Actions During the reporting period, the Bank was not subject to any case filing investigation for suspected crime, nor was any of its controlling shareholders, Directors, Supervisors and Senior Management members subject to coercive measures for suspected crime; neither the Bank nor its controlling shareholders, Directors, Supervisors and Senior Management members were subject to any criminal penalty or any case filing investigation by CSRC for suspected illegality or irregularity or administrative penalty by CSRC or material administrative penalty by other competent authority; none of its controlling shareholders, Directors, Supervisors and Senior Management members was held in retention by the disciplinary inspection and supervision organ because of suspected serious illegality or irregularity or work-related crime, which affected their duty performance; none of its Directors, Supervisors and Senior Management members was subject to coercive measures taken by other competent authority for suspected illegality or irregularity, which affected their duty performance; neither the Bank nor any of its controlling shareholders, Directors, Supervisors and Senior Management members was subject to any administrative or regulatory measures taken by CSRC or disciplinary sanction imposed by stock exchanges.

Organizational Chart



Auditor's Report and Financial Statements

Contents

Deloitte. 德勤

To the Shareholders of Industrial and Commercial Bank of China Limited

(Incorporated in the People’s Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Industrial and Commercial Bank of China Limited (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 155 to 283, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by International Ethics Standards Board for Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment losses on loans and advances to customers measured at amortised cost	
The Group uses the expected credit loss ("ECL") model to calculate the loss allowance for loans and advances to customers measured at amortised cost in accordance with IFRS 9. As at 31 December 2023, the Group's loans and advances to customers measured at amortised cost was RMB24,841,245 million, and the related impairment allowance was RMB756,001 million. The management exercised significant judgements and estimation in its assessment of allowance for impairment losses on loans and advances to customers measured at amortised cost. They include the determination of staging of loans and advances to customers including determining whether the credit risk has increased significantly and credit impairment events have occurred; the determination of key parameters used in the ECL model including probability of default (PD), loss given default (LGD), exposure at default (EAD), discount rate, and forward-looking information for stage 1 and 2 corporate loans and advances, discounted bills and all personal loans and advances; the determination of key parameters used in discounted cash flow assessment in respect of stage 3 corporate loans and advances including recoverable cash flows and discount rates.	Our audit procedures in respect of allowance for impairment losses on loans and advances to customers measured at amortised cost included the following: (1) Design and operating effectiveness of key internal controls • understood, assessed and tested the design and operating effectiveness of key internal controls relating to approval, recording, monitoring and regular evaluation of internal credit risk ratings which are relevant inputs to the ECL model; • understood, assessed and tested the design and operating effectiveness of key internal controls of the ECL model, including the selection, approval, and application of ECL model methodology, optimization of ECL model, underlying parameters updating and periodic validation, input of underlying data and parameters, and loan staging based on quality of loans and advances to customers, cash flow projection used in the discounted cash flow method, and the review and approval of forward-looking information; • understood, assessed and tested the information technology system and design and operating effectiveness of the related controls, including general information technology controls, data transmission between systems, mapping of parameters of the ECL model, and system calculation of loss allowance.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment losses on loans and advances to customers measured at amortised cost (continued)	
Due to the significance of allowance for impairment losses on loans and advances to customers measured at amortised cost and the significant judgements and estimation exercised by management in estimating ECL, we identified this as a key audit matter. Refer to Note 4 (10), Note 5, Note 14, Note 23, and Note 50(a) to the consolidated financial statements for relevant disclosures.	(2) ECL model • assessed the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking information, and evaluated the rationality of the key management judgements on those key parameters; • assessed the internal credit risk rating benchmark used in the ECL model by reviewing its periodic validation and monitoring report to evaluate the reasonableness of the validation approach, completeness of the validation scope and accuracy of the validation, and selected samples to verify the accuracy of internal rating calculation; • verified, on a sample basis, the accuracy of ECL model data input such as loan agreement amount, due date, interest rate, guarantee method; • assessed the reasonableness of the selection of economic indicators, the weighting of multiple macro-economic scenarios, and other inputs and assumptions used by management in the forward-looking adjustments; assessed the reasonableness of forecasted macro-economic and industry indicators by comparing to available third party information, and reviewed the sensitivity analysis of economic indicators; • verified, on a sample basis, the calculation of ECL model, and tested whether the model reasonably reflected management's modelling methodology; • performed back-testing, and verified the results of the model using actual observable data, and evaluated whether there was any indication of management bias.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment losses on loans and advances to customers measured at amortised cost (continued)	
	(3) Risk based sample selection for credit review • selected samples for credit review by focusing on industries that are significantly affected by fluctuations of economic cycle and policy regulations, regions with high credit risk exposure, and loans with other high-risk characteristics such as non-performing loans, overdue performing loans, rescheduled loans and borrowers with negative publicity; • analysed the borrower's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; • performed credit assessments on borrower's and guarantor's financial information, collateral valuation and other sources of repayment for the selected stage 3 corporate loans and advances, tested the recalculation of impairment allowance based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstatement.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Consolidation of structured entities	
Structured entities mainly include wealth management products, investment funds, trust plans, asset management plans and asset-backed securities in which the Group has interests in them through their initiation, management or investment. In determining whether the Group has control and therefore should consolidate a structured entity, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. The Group is required to collectively consider the relevant facts and substance to assess whether it has control over the structured entity. We identified the consolidation of structured entities as a key audit matter because the amount involved is significant and the evaluation on whether the Group has control over the structured entities requires significant accounting judgement. Refer to Note 4(2), Note 5 and Note 43 to the consolidated financial statements for relevant disclosures.	Our audit procedures in respect of consolidation of structured entities included the following: Understood, assessed and tested the related design and operating effectiveness of the internal controls relating to the consolidation of structured entities. Selected samples to perform the following audit procedures: • inspected agreements relating to the structured entity and understood the purpose of its set up; assessed the power the Group has over the structured entity according to the Group's rights and obligations under different transaction structures and its involvement with the structured entity; • verified the analysis on the Group's variable return which includes, but is not limited to, fixed management fee and performance fees obtained through acting as asset manager, as well as the returns obtained from holding an interest in a structured entity, and providing liquidity support or other support; • analysed the scope of the Group's decision-making power over the structured entity, the level of remuneration obtained from providing asset management services, the risk of variable return borne by holding other interests in the structured entity and the substantive rights held by other participants, checked the Group's analysis on the magnitude and variability of variable return, and assessed whether the Group acts as principal or agent in the structured transaction; • assessed the management's decision on the consolidation of structured entities through carrying out the above procedures.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Fair value of financial instruments	
The valuation of the Group's financial instruments measured at fair value is based on readily available market data or valuation models. For financial instruments without readily available market data such as debt securities, equities, over-the-counter derivative contracts and structured deposits, fair values are measured based on valuation techniques. The selection of valuation techniques and significant unobservable input data requires significant accounting judgement and estimation by management. As at 31 December 2023, the Group's financial assets that were measured at fair value amounted to RMB4,460,361 million, representing 9.98% of total assets; financial liabilities that were measured at fair value amounted to RMB370,260 million, representing 0.90% of total liabilities. Level 3 financial assets and liabilities with significant unobservable input data amounted to RMB160,052 million and RMB3,017 million respectively. We identified fair value assessment of financial instruments as a key audit matter because the amount involved is significant and the valuation requires significant judgement and estimation, and particularly for level 3 financial instruments. Refer to Note 4(7), Note 5, Note 21, Note 22, Note 23, Note 24, Note 32, Note 33 and Note 51 to the consolidated financial statements for relevant disclosures.	Our audit procedures in respect of fair value assessment of financial instruments included the following: Understood, assessed and tested the design and operating effectiveness of internal controls relating to the valuation of financial instruments, independent valuation validation, and valuation model validation and approval. Selected samples to perform the following audit procedures: • evaluated the fair value of level 1 financial instruments by comparing the fair value with publicly available market observable data; • evaluated the appropriateness of the Group's valuation techniques, inputs and assumptions for level 2 and 3 financial instruments, and compared the observable market data with publicly available market data; • assessed and verified the valuation techniques used in the valuation of complex financial instruments valuation, selected samples to perform independent valuation and compared the results with the Group's valuation.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
IT systems and controls over financial reporting	
As a large banking group, the Group's IT systems are complex. To ensure the accuracy of financial reports, IT over financial reporting and its related general controls and automated controls are required to be designed and operated effectively. The related general controls include IT governance, controls over program development and changes, access to programs and data and IT operations. Automated controls include system calculations and data logic relating to significant accounts, as well as interfaces between business management systems and accounting systems. With the rapid increase in the volume of on-line transactions of the Group, as well as the continuous development and application of new technologies and open banking that increased third party network access, the Group faces increasing challenges on cyber security and data protection that warrant close monitoring of their potential impact on financial reporting related IT systems. We identified IT systems and controls over financial reporting as a key audit matter because the Group's financial accounting and reporting systems are highly reliant on complex IT systems and control processes, and the IT systems are required to serve the Group's global customer base, handle large volumes of frequent transactions, and continue their rapid development in response to changing business needs and technological advancement.	Our audit procedures in respect of IT systems and controls over financial reporting included the following: • understood, assessed and tested the design and operating effectiveness of key internal controls of the IT systems relevant to financial reporting; • understood, assessed and tested the design and operating effectiveness of automated controls relevant to significant accounts and assertions or risk of material misstatement, and such IT automated controls include accuracy of system calculation logic and consistency of data transmission, covering business in corporate banking, personal banking, and financial markets, as well as financial reporting process; • understood, assessed and tested the design and operating effectiveness of controls over cyber security management mechanism, the operational security of key information infrastructure, data and customer information management, and system operation monitoring and emergency management.

Other information

The Directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wu Wei Jun, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023
(In RMB millions, unless otherwise stated)

	Notes	2023	2022 (restated)
Interest income	6	1,405,039	1,278,674
Interest expense	6	(750,026)	(586,689)
NET INTEREST INCOME	6	655,013	691,985
Fee and commission income	7	137,891	145,818
Fee and commission expense	7	(18,534)	(16,493)
NET FEE AND COMMISSION INCOME	7	119,357	129,325
Net trading income	8	14,928	8,308
Net gains on financial investments	9	21,560	7,906
Other operating (expense)/income, net	10	(4,400)	4,828
OPERATING INCOME		806,458	842,352
Operating expenses	11	(238,698)	(239,351)
Impairment losses on assets	14	(150,816)	(182,677)
OPERATING PROFIT		416,944	420,324
Share of results of associates and joint ventures		5,022	4,396
PROFIT BEFORE TAXATION		421,966	424,720
Income tax expense	15	(56,850)	(62,610)
PROFIT FOR THE YEAR		365,116	362,110
Profit for the year attributable to:			
Equity holders of the parent company		363,993	361,132
Non-controlling interests		1,123	978
PROFIT FOR THE YEAR		365,116	362,110
EARNINGS PER SHARE			
– Basic (RMB yuan)	18	0.98	0.97
– Diluted (RMB yuan)	18	0.98	0.97

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023
(In RMB millions, unless otherwise stated)

	Note	2023	2022 (restated)
Profit for the year		365,116	362,110
Other comprehensive income (after tax, net):	41		
(a) Items that will not be reclassified to profit or loss:			
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income		1,530	(2,927)
(ii) Other comprehensive income recognised under the equity method		(7)	(25)
(iii) Other		(28)	13
(b) Items that may be reclassified subsequently to profit or loss:			
(i) Changes in fair value of debt instruments measured at fair value through other comprehensive income		21,104	(24,220)
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income		205	3,830
(iii) Cash flow hedging reserve		117	1,284
(iv) Other comprehensive income recognised under the equity method		(372)	(224)
(v) Foreign currency translation reserve		1,823	21,276
(vi) Other		(5,145)	(3,557)
Subtotal of other comprehensive income for the year		19,227	(4,550)
Total comprehensive income for the year		384,343	357,560
Total comprehensive income for the year attributable to:			
Equity holders of the parent company		383,921	356,548
Non-controlling interests		422	1,012
		384,343	357,560

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023
(In RMB millions, unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (restated)
ASSETS			
Cash and balances with central banks	19	4,042,293	3,427,892
Due from banks and other financial institutions	20	1,116,717	1,192,532
Derivative financial assets	21	75,339	87,205
Reverse repurchase agreements	22	1,224,257	864,122
Loans and advances to customers	23	25,386,933	22,591,676
Financial investments	24	11,849,668	10,533,702
Financial investments measured at fair value through profit or loss		811,957	747,474
Financial investments measured at fair value through other comprehensive income		2,230,862	2,223,096
Financial investments measured at amortised cost		8,806,849	7,563,132
Investments in associates and joint ventures	26	64,778	65,790
Property and equipment	27	298,878	293,887
Deferred tax assets	28	104,669	101,117
Other assets	29	533,547	452,223
TOTAL ASSETS		**44,697,079**	**39,610,146**

The accompanying notes form part of these consolidated financial statements.

(In RMB millions, unless otherwise stated)

	Notes	31 December 2023	31 December 2022 (restated)
LIABILITIES			
Due to central banks		231,374	145,781
Due to banks and other financial institutions	31	3,369,858	3,187,712
Financial liabilities measured at fair value through profit or loss	32	62,859	64,287
Derivative financial liabilities	21	76,251	96,350
Repurchase agreements	33	1,018,106	574,778
Certificates of deposit	34	385,198	375,452
Due to customers	35	33,521,174	29,870,491
Income tax payable		63,322	85,581
Debt securities issued	36	1,369,777	905,953
Deferred tax liabilities	28	3,930	3,950
Other liabilities	37	818,642	784,392
TOTAL LIABILITIES		**40,920,491**	**36,094,727**
EQUITY			
Equity attributable to equity holders of the parent company			
Share capital	38	356,407	356,407
Other equity instruments	39	354,331	354,331
Preference shares		134,614	134,614
Perpetual bonds		219,717	219,717
Reserves	40	1,134,082	1,013,624
Retained profits		1,912,067	1,771,747
		3,756,887	3,496,109
Non-controlling interests		19,701	19,310
TOTAL EQUITY		3,776,588	3,515,419
TOTAL EQUITY AND LIABILITIES		**44,697,079**	**39,610,146**

Liao Lin
Chairman

Wang Jingwu
Executive Director

Xu Zhisheng
Person in charge of Finance and Accounting Department

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 31 December 2022	356,407	354,331	148,280	392,487	496,719	767	(17,241)	(2,987)	(1,129)	1,016,896	1,767,537	3,495,171	18,655	3,513,826
Changes in accounting policies (Note 3.1)	–	–	–	–	–	1,576	–	–	(4,848)	(3,272)	4,210	938	655	1,593
Balance as at 1 January 2023	356,407	354,331	148,280	392,487	496,719	2,343	(17,241)	(2,987)	(5,977)	1,013,624	1,771,747	3,496,109	19,310	3,515,419
Profit for the year	–	–	–	–	–	–	–	–	–	–	363,993	363,993	1,123	365,116
Other comprehensive income	–	–	–	–	–	21,954	1,633	86	(3,745)	19,928	–	19,928	(701)	19,227
Total comprehensive income	–	–	–	–	–	21,954	1,633	86	(3,745)	19,928	363,993	383,921	422	384,343
Dividends – ordinary shares 2022 final (Note 17)	–	–	–	–	–	–	–	–	–	–	(108,169)	(108,169)	–	(108,169)
Distributions to other equity instrument holders (Note 17)	–	–	–	–	–	–	–	–	–	–	(14,964)	(14,964)	–	(14,964)
Appropriation to surplus reserve (i)	–	–	–	35,872	–	–	–	–	–	35,872	(35,872)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	64,918	–	–	–	–	64,918	(64,918)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(31)	(31)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(250)	–	–	–	(250)	250	–	–	–
Other	–	–	(10)	–	–	–	–	–	–	(10)	–	(10)	–	(10)
Balance as at 31 December 2023	**356,407**	**354,331**	**148,270**	**428,359**	**561,637**	**24,047**	**(15,608)**	**(2,901)**	**(9,722)**	**1,134,082**	**1,912,067**	**3,756,887**	**19,701**	**3,776,588**

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB112 million and RMB891 million, respectively.

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB654 million.

The accompanying notes form part of these consolidated financial statements.

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
			Reserves											
Restated	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 31 December 2021	356,407	354,331	148,703	357,169	438,952	24,628	(39,999)	(4,243)	1,165	926,375	1,620,642	3,257,755	17,503	3,275,258
Changes in accounting policies	–	–	–	–	–	1,459	69	–	(3,988)	(2,460)	3,561	1,101	787	1,888
Balance as at 1 January 2022	356,407	354,331	148,703	357,169	438,952	26,087	(39,930)	(4,243)	(2,823)	923,915	1,624,203	3,258,856	18,290	3,277,146
Profit for the year	–	–	–	–	–	–	–	–	–	–	361,132	361,132	978	362,110
Other comprehensive income	–	–	–	–	–	(23,425)	20,739	1,256	(3,154)	(4,584)	–	(4,584)	34	(4,550)
Total comprehensive income	–	–	–	–	–	(23,425)	20,739	1,256	(3,154)	(4,584)	361,132	356,548	1,012	357,560
Dividends – ordinary shares 2021 final (Note 17)	–	–	–	–	–	–	–	–	–	–	(104,534)	(104,534)	–	(104,534)
Distributions to other equity instrument holders (Note 17)	–	–	–	–	–	–	–	–	–	–	(14,810)	(14,810)	–	(14,810)
Appropriation to surplus reserve (i)	–	–	–	35,318	–	–	–	–	–	35,318	(35,318)	–	–	–
Appropriation to general reserve (ii)	–	–	–	–	57,767	–	–	–	–	57,767	(57,767)	–	–	–
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(28)	(28)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	(319)	–	–	–	(319)	319	–	–	–
Other	–	–	(423)	–	–	–	1,950	–	–	1,527	(1,478)	49	36	85
Balance as at 31 December 2022	**356,407**	**354,331**	**148,280**	**392,487**	**496,719**	**2,343**	**(17,241)**	**(2,987)**	**(5,977)**	**1,013,624**	**1,771,747**	**3,496,109**	**19,310**	**3,515,419**

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB68 million and RMB907 million, respectively.

(ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB4,196 million.

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(In RMB millions, unless otherwise stated)

	Notes	2023	2022 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		421,966	424,720
Adjustments for:			
Share of results of associates and joint ventures		(5,022)	(4,396)
Depreciation		30,345	30,297
Amortisation	11	4,429	3,716
Impairment losses on assets	14	150,816	182,677
Unrealised (gains)/losses on foreign exchange		(4,444)	8,870
Interest expense on debt securities issued		40,967	28,067
Accreted interest on impaired loans		(1,915)	(1,695)
Net gains on financial investments		(23,510)	(22,743)
Interest income on financial investments		(338,267)	(297,106)
Net (gains)/losses on changes in fair value		(2,711)	11,583
Net gains on stocktake and disposal of property and equipment and other assets (other than repossessed assets)		(1,813)	(1,548)
Dividend income	9	(4,020)	(4,179)
		266,821	358,263
Net (increase)/decrease in operating assets:			
Due from central banks		(178,368)	(147,741)
Due from banks and other financial institutions		85,731	(17,337)
Financial assets measured at fair value through profit or loss		(26,740)	(45,211)
Reverse repurchase agreements		23,917	(100,110)
Loans and advances to customers		(2,898,902)	(2,511,044)
Other assets		(104,618)	73,750
		(3,098,980)	(2,747,693)
Net (decrease)/increase in operating liabilities:			
Financial liabilities measured at fair value through profit or loss		(714)	(11,808)
Due to central banks		85,524	105,849
Due to banks and other financial institutions		160,197	193,643
Repurchase agreements		437,224	186,956
Certificates of deposit		2,116	62,306
Due to customers		3,531,968	3,194,252
Other liabilities		120,166	151,385
		4,336,481	3,882,583
Net cash flows from operating activities before taxation		1,504,322	1,493,153
Income tax paid		(87,320)	(88,496)
Net cash flows from operating activities		1,417,002	1,404,657

The accompanying notes form part of these consolidated financial statements.

(In RMB millions, unless otherwise stated)

	Note	2023	2022 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment and other assets		(31,201)	(23,128)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		7,527	10,018
Purchases of financial investments		(4,683,824)	(4,415,567)
Proceeds from sale and redemption of financial investments		3,453,713	3,192,493
Investments in associates and joint ventures		(1,372)	(3,314)
Proceeds from disposal of associates and joint ventures		2,730	2,811
Investment returns received		360,575	326,066
Net cash flows from investing activities		(891,852)	(910,621)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt securities		1,422,308	955,862
Interest paid on debt securities		(49,151)	(25,721)
Repayment of debt securities		(956,689)	(870,573)
Dividends paid on ordinary shares		(108,169)	(104,534)
Dividends or interest paid to other equity instrument holders		(14,964)	(14,810)
Dividends paid to non-controlling shareholders		(31)	(28)
Cash payment for other financing activities		(7,860)	(4,985)
Net cash flows from financing activities		285,444	(64,789)
NET INCREASE IN CASH AND CASH EQUIVALENTS		810,594	429,247
Cash and cash equivalents at beginning of the year		1,926,851	1,436,757
Effect of exchange rate changes on cash and cash equivalents		18,287	60,847
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	42	2,755,732	1,926,851
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		1,117,401	1,040,678
Interest paid		(617,791)	(451,918)

The accompanying notes form part of these consolidated financial statements.

1. CORPORATE INFORMATION

Industrial and Commercial Bank of China Limited (the "Bank"), which was previously known as Industrial and Commercial Bank of China ("ICBC"), used to be a wholly-state-owned commercial bank established on 1 January 1984 based on the authorisation of the State Council and the People's Bank of China (the "PBOC") of the People's Republic of China (the "PRC"). On 28 October 2005, with the approval of the State Council, ICBC was restructured and incorporated as a joint-stock limited company. The joint-stock limited company undertook all the assets and liabilities of ICBC upon the restructuring. On 27 October 2006, the Bank was listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The Bank obtained authorisation to carry out banking business with an institution code of No. B0001H111000001 from the former China Banking and Insurance Regulatory Commission (the former "CBIRC") of the PRC. The Bank obtained its business license with unified social credit code 91100000100003962T from the Beijing Municipal Administration for Market Regulation. The legal representative is Liao Lin and the registered office is located at No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC.

The Bank's stock codes of A Shares and H Shares listed on Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited are 601398 and 1398, respectively. The Bank's offshore preference shares are listed on The Stock Exchange of Hong Kong Limited and the stock code is 4620. The Bank's domestic preference shares are listed on Shanghai Stock Exchange and the stock codes are 360011 and 360036.

The principal activities of the Bank and its subsidiaries (collectively referred to as the "Group") comprise corporate financial services, personal financial services, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services. Domestic establishments refer to the Head Office of the Bank, branches and subsidiaries established in Chinese mainland. Overseas establishments refer to branches and subsidiaries established in jurisdictions outside Chinese mainland.

2. BASIS OF PREPARATION

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Basis of preparation of the financial statements

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, and certain non-financial assets measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in Note 5.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

(1) New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's consolidated financial statements:

– IFRS 17 and its amendments: Insurance Contracts

– Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

– Amendments to IAS 8: Definition of Accounting Estimates

– Amendments to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

– Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules

IFRS 17 Insurance Contracts and its amendments

IFRS 17 Insurance Contracts and its amendments (hereinafter referred to as the "New Insurance Contract Standard") establishes the principles of recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.

The definition of insurance contract has been elaborated in the New Insurance Contract Standard which specified the combination and separation of insurance contract, introduced the concept of insurance contract group and refined the measurement model of insurance contract. It also made an adjustment to the principle of revenue recognition for insurance services and refined the measurement methods of contract service margins. The New Insurance Contract Standard outlines a general measurement model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general measurement model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general measurement model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group has implemented the New Insurance Contract Standard on 1 January 2023 and made retrospective adjustments to the financial statements figures for comparative periods in accordance with the transition requirements. To facilitate smooth transition to the New Insurance Contract Standard, the Group has reassessed the business model for managing its relevant financial assets, reclassified and remeasured certain financial assets and restated the financial statement line items for comparative periods in accordance with the requirements.

The associate of the Group, Standard Bank Group Limited (hereinafter referred to as " the Standard Bank") has also adopted the New Insurance Contract Standard and the Group has restated the relevant comparative figures under the equity method accordingly.

(In RMB millions, unless otherwise stated)

The major effect of the above changes in accounting policies on the Group's financial items is set out below:

	2022 (originally stated)	2022 (restated)	Adjustments
Operating income	841,441	842,352	911
Profit before taxation	422,565	424,720	2,155
Net profit	361,038	362,110	1,072
Net profit attributable to equity holders of the parent company	360,483	361,132	649

	31 December 2022 (originally stated)	31 December 2022 (restated)	Adjustments
Financial investments	10,527,292	10,533,702	6,410
Financial investments measured at fair value through profit or loss	714,879	747,474	32,595
Financial investments measured at fair value through other comprehensive income	2,178,018	2,223,096	45,078
Financial investments measured at amortised cost	7,634,395	7,563,132	(71,263)
Total assets	39,609,657	39,610,146	489
Total liabilities	36,095,831	36,094,727	(1,104)
Equity attributable to equity holders of the parent company	3,495,171	3,496,109	938
Total equity	3,513,826	3,515,419	1,593

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction

The amendments mainly relate to the scope of initial recognition exemptions for deferred income tax in the International Accounting Standards (IAS) 12 – Income Taxes, and clarifies that the individual transaction 1) that is not arising from business combination; 2) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction; and 3) that the equivalent taxable temporary differences and deductible temporary differences are generated due to the initially recognised assets and liabilities is not applicable to the regulations on the exemptions from initially recognised deferred tax liabilities and deferred tax assets.With the amendments, the Group has been required to recognise one deferred tax asset (to the extent that taxable income is likely to be obtained to offset the deductible temporary difference) and one deferred tax liability for all deductible and taxable temporary differences relating to right-of-use assets and lease liabilities.

The adoption of the above amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

The amendments introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two model rules ("Pillar Two legislation") published by the Organisation for Economic Co-operation and Development ("OECD"), as an exception to IAS 12. The Group apply the temporary exception immediately upon the issue of the amendments. In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the amendments also requires the disclosure of qualitative and quantitative information about its exposure to Pillar Two legislation. To the extent information is not known or reasonably estimable, an entity shall instead disclose a statement to that effect and disclose information about the entity's progress in assessing its exposure. For impact of Pillar Two legislation on the financial statements of the Group, please refer to Note 15 to the consolidated financial statements.

The adoption of the other above-mentioned amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

(2) Amendments to IFRS in issue but not yet effective

The Group has not applied the following amendments to IFRS that have been issued but are not yet effective:

– Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

– Amendments to IFRS 16: Lease Liability in a Sale and Leaseback[2]

– Amendments to IAS 1: Classification of Liabilities as Current or Non-current[2]

– Amendments to IAS 1: Non-current Liabilities with Covenants[2]

– Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements[2]

– Amendments to IAS 21: Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

Revised IFRSs that have been issued but are not yet effective are expected to have no material impact on the financial position and financial performance of the Group in the foreseeable future.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(1) Functional currency and foreign currency translation

Functional currency

The functional currency of the Group's domestic establishments is Renminbi ("RMB"). The overseas establishments determine their own functional currencies which best represent the economic environment they operate in. These financial statements are presented in RMB millions except when otherwise indicated.

Foreign currency translation

Foreign currency transactions are initially recorded in the functional currency using the exchange rates at the dates of the transactions or deemed exchange rates. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the applicable exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at period end rates are recognised in profit or loss, with the exception that they are taken directly to other comprehensive income when the monetary items are designated as part of the hedge of the Bank's net investment in a foreign entity, and the aggregate exchange differences are not recognised in profit or loss until the disposal of such net investment.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as foreign assets and liabilities of the foreign operation and translated at the deemed rates at the end of the reporting period. The exchange differences are recognised in profit or loss or in other comprehensive income, depending on the nature of non-monetary items.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the exchange rates ruling at the end of the reporting period. For overseas business not operating in a hyperinflationary economy, all items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated using the exchange rates at the date of the transactions or deemed exchange rates. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss. The effect of exchange rate changes on cash and cash equivalents is presented separately in the statement of cash flows.

(2) Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual or other arrangements.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, investments in subsidiaries are stated at cost less impairment losses.

(3) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to a parent.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated statement of equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

(4) Associates and joint ventures

An associate is an entity in which the Group has significant influence. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement. Other than those measured at fair value through profit or loss, the Group's investments in associates or joint ventures are accounted for using the equity method.

Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Unrealised profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not re-measured. Instead, the investment continues to be accounted under the equity method, and vice versa.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses.

(5) Business combination and goodwill

Business combinations are accounted for by applying the acquisition method. The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether the acquired set of assets is not a business. If the concentration test is met, the set of assets is determined not to be a business; otherwise, the Group shall then perform an assessment in accordance with the requirements of business. The consideration transferred is measured at acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the combination are recognised in profit or loss when incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives from host contracts of the acquiree.

If the business combination is achieved in stages, the acquirer's previously-held equity interest in the acquiree is re-measured to the acquisition date fair value through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial asset or financial liability, is recognised in profit or loss. If the contingent consideration is classified as equity, it shall not be re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and the fair value of the acquirer's previously-held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets and liabilities acquired. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as gains on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year end date. For the purpose of impairment testing, goodwill arising in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in subsequent period.

Where goodwill forms part of a CGU or group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU or group of CGUs retained.

(6) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(7) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement of financial instruments

At initial recognition, financial assets and financial liabilities are measured at fair value. For financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL"), any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial recognised value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (including the condition of the asset; and restrictions, if any, on the sale or use of the asset), and use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. The adopted valuation techniques mainly include market approach, income approach and cost approach.

(ii) Classification and subsequent measurement of financial assets

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVTOCI"), or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the relevant investment should meet the definition of equity instrument from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the above contractual cash flows characteristics.

Subsequent measurement of financial assets

Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, amortised or impaired.

Debt instruments measured at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments measured at FVTOCI

These assets are subsequently measured at fair value. Dividend income is recognised in profit or loss for the period. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL and other financial liabilities.

Financial liabilities measured at FVTPL

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

A financial liability may be designated as at FVTPL upon initial recognition if:

(1) such designation eliminates or significantly reduces accounting mismatch;

(2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis;

(3) the qualified hybrid contract that contains embedded derivatives.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

For the financial liabilities measured at FVTPL, the gains and losses from changes in fair value of the financial liability arising from changes in the Group's own credit risk are included in other comprehensive income; other changes in fair value of the financial liabilities are recognised in profit or loss for the period. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss, the Group shall recognise the entire gains or losses of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit and loss. When these liabilities are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from reserve to retained earnings.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iv) Financial instruments reclassification

The Group will reclassify all related financial assets when it changes its business model for managing financial assets, and the reclassification applies prospectively from the reclassification date (the first day of the first reporting period following the change in business model).

(8) Trade date accounting

All regular way purchases and sales of financial assets are recognised at the trade date, which is the date that the Group commits to purchase or sell the assets. A regular way purchase or sale is the purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(9) Presentation of financial instruments

Financial assets and financial liabilities are generally presented separately in the statement of financial position and shall not be offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

– the Group currently has a legally enforceable right to set off the recognised amounts; and

– the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(10) Impairment of financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on:

– financial assets measured at amortised cost;

– debt instruments measured at FVTOCI; and

– loan commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt or equity instruments measured at FVTPL, equity instruments designated as at FVTOCI and derivative financial assets, are not subject to ECL assessment.

Measurement of ECL

ECL is a probability-weighted amount of credit losses on financial instruments that is determined with the respective risks of default occurring as the weight. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between all cash flows discounted at original interest rates and receivable in accordance with the contract and all cash flows that the Group expects to receive).

The Group's method of measuring ECL of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into the following three stages and provides provisions for ECL accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

Stage 1: A financial instrument of which the credit risk has not significantly increased since initial recognition. The amount that equals to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount that equals to lifetime ECL is recognised as loss allowance. Refer to Note 50(a) credit risk for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount that equals to lifetime ECL is recognised as loss allowance. Refer to Note 50(a) credit risk for the definition of credit-impaired financial assets.

Presentation of allowance for ECL

ECL is re-measured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises impairment gains or losses for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through allowance for impairment loss. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income, which does not decrease the carrying amount of the financial assets. The Group recognises loss allowance for loan commitments and financial guarantee contracts through other liabilities (provisions for credit commitments).

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(11) Modification of financial assets contracts

In some cases (such as renegotiating loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess whether or not the new contractual terms are substantially different to the original terms. If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset under the revised terms. If the renegotiation or modification does not result in derecognition, but leads to changes in contractual cash flows, when assessing whether a significant increase in credit risk has occurred, the Group compares the risk of a default occurring under the revised terms as at the end of the reporting period with that as at the date of initial recognition under original terms.

(12) Derecognition of financial assets and liabilities

Derecognition of financial assets

Financial asset is derecognised when one of the following conditions is met:

– the Group's contractual rights to the cash flows from the financial asset expire;

– the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

– the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to the eventual recipients and meanwhile meet the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Securitisation

As part of its operational activities, the Group securitises credit assets. When a securitisation of financial assets does not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability; when the securitisation of financial assets partially qualifies for derecognition, the Group continues to recognise the transferred assets to the extent of its continuing involvement, and derecognises the remaining portion. The carrying amount of the transferred assets is apportioned between the derecognised portion and the retained portion based on their relative fair values, and the difference between the carrying amount of the derecognised portion and the total consideration paid for the derecognised portion is recorded in profit or loss.

Sales of assets on condition of repurchase

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase, the Group will derecognise the financial asset.

Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(13) Derivatives and hedge accounting

Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

If the host contract included in the hybrid contract is a financial asset, the embedded derivative is no longer split from the main contract of the financial asset, and the hybrid financial instrument as a whole is related to the classification of the financial asset provision. If the host contract included in the hybrid contract is not a financial asset, when the embedded derivative's economic characteristics and risks are not closely related to those of the host contract, those separate instruments with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid instrument is not carried at FVTPL, derivatives embedded in other financial instruments should be split from the hybrid contract and treated as separate derivatives. These embedded derivatives are measured at fair value with the changes in fair value recognised in profit or loss.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

Hedge accounting

At the inception of a hedging relationship, the Group formally designates the hedging instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group would rebalance the hedging relationship.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss.

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedging for the risk exposure from fair value change of non-trading equity investment designated as at FVTOCI. For fair value hedges, the carrying amount of the hedged item not already measured at fair value is adjusted for the gain or loss attributable to the risk being hedged and is taken to profit or loss or other comprehensive income. The gains or losses for hedging instrument re-measured at fair value are taken to profit or loss or other comprehensive income.

When the hedged item in a fair value hedge is measured at amortised cost, any hedge adjustment to its carrying amount is amortised to profit or loss. The amortisation is based on a recalculated effective interest rate at the date when amortisation begins.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognised, the unamortised adjustment to carrying amount is recorded in profit or loss.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a component of any such item, and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gains or losses existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Net investment hedges

A net investment hedge is a hedge of the currency risk of a net investment in a foreign institution operation.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in other comprehensive income; the gain or loss relating to the ineffective portion is recognised in profit or loss immediately. Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of as part of the gains or losses on the disposal.

(14) Repurchase and reverse repurchase transactions (including securities borrowing and lending)

Assets sold under agreements to repurchase at a specified future date ("repos") are not derecognised from the statement of financial position. The corresponding cash received, including accrued interest, is recognised on the statement of financial position as a "repurchase agreement". The difference between the sale and repurchase prices is treated as an interest expense and is amortised over the life of the agreement using the effective interest method.

Conversely, assets purchased under agreements to resell at a specified future date ("reverse repos") are not recognised on the statement of financial position. The corresponding cash paid, including accrued interest, is recognised on the statement of financial position as a "reverse repurchase agreement".

According to the policy of classification of financial assets, the reverse repurchase agreements held by the Group were divided into different classifications according to the entity's business model for managing the financial instruments and the contractual cash flow characteristics of the assets: financial assets measured at amortised cost and financial assets measured at FVTPL. The difference between the purchase and resale prices of reverse repurchase agreements measured at amortised cost is treated as an interest income and is amortised over the life of the agreement using the effective interest method.

Securities borrowing and lending transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised in the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a financial liability held for trading and measured at fair value with any gains or losses included in profit or loss.

(15) Insurance contracts

Identification of insurance contracts

The Group is exposed to insurance risk due to the issuance of insurance contracts. Insurance risk is the risk, other than financial risk, transferred from the holder of a contract to the issuer. The Group assesses the significance of insurance risk contract by contract. A contract is an insurance contract only if it transfers significant insurance risk. A contract that is assessed as meeting the definition of an insurance contract at the contract commencement date will not be re-assessed subsequently. An insurance contract shall be derecognized if the obligations under such contract are discharged due to fulfilment, cancellation or expiration.

Grouping of contracts

The Group identifies portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. The Group further divides portfolios of insurance contracts into groups of insurance contracts, which are taken as the unit of measurement. Insurance contracts issued less than one year apart and having similar expected profitability are included in the same group.

If a group of insurance contracts is onerous at the date of initial recognition, or if additional loss is caused by contracts added to the group of onerous contracts, the Group recognizes a loss as insurance service expenses.

Except for groups of onerous contracts, the Group reasonably determines the coverage units of contract groups for each accounting period of the coverage period based on the modes to provide insurance contract services and allocates the carrying amount of contract service margin as the insurance revenue for the current and subsequent periods.

Recognition and measurement of insurance contracts

On initial recognition, the Group measures a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin, and recognises an insurance contract liability. Contractual service margin represents the unearned profit the Group will recognise as it provides services under insurance contracts in the future. The fulfilment cash flows comprise estimates of future cash flows directly attributable to fulfilling insurance contracts, an adjustment to reflect the time value of money and the financial risks and a risk adjustment for non-financial risk. An Group's own non-performance risk is not taken into account in estimating the fulfilment cash flows. Risk adjustment for non-financial risk represents the compensation the Group requires for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk as the entity fulfils insurance contracts.

The Group measures insurance contracts with the general model, applying the variable fee approach or premium allocation approach, and subsequently measures the insurance contract liabilities at the end of the reporting period at the sum of the liability for remaining coverage and the liability for incurred claims. The Group recognises the reduction in the liability for remaining coverage because of services provided in the period as insurance revenue. The Group recognises the increase in the liability for incurred claims because of claims and expenses incurred in the period and any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses as insurance service expenses. The Group allocates insurance acquisition cash flows to each accounting period of the coverage period as insurance revenue and recognises the same amount as insurance service expenses.

The Group recognises the change in the liability for remaining coverage and the liability for incurred claims because of the effect of the time value of money and the effect of financial risk as financial changes of insurance contracts. The Group elects to disaggregate financial changes of insurance contracts and include such changes in insurance finance income or expenses for the period and other comprehensive income.

(16) Leases

A lease is when the lessor conveys the right to control the use of an asset for a period of time in exchange for the consideration of the lessee.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

– the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly in a contract and should be physically distinct, or a capacity portion or other portion of an asset that is not physically distinct but represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

– the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

– the lessee has the right to direct the use of the asset.

For a contract that contains more than one separate lease component, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. However, for the leases in which the Group is a lessee, the Group has elected not to separate lease components from non-lease components and accounts for the lease and non-lease components as a single lease component.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4(23).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Each institution of the Group uses an interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as the incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group re-measures lease liabilities based on the present value of revised lease payments:

– there is a change in the amounts expected to be payable under a residual value guarantee;

– there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

– there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The impairment and derecognition of the finance lease receivable are recognised in accordance with the accounting policy in Notes 4(10) and 4(12). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

(17) Financial guarantee contracts

The Group issues financial guarantee contracts, including letters of credit, letters of guarantee and acceptance. These financial guarantee contracts provide for specified payments to be made to reimburse the holders for the losses they incur when a guaranteed party defaults under the original or modified terms of a debt instrument, loan or any other obligation.

The Group initially measures all financial contracts at fair value, in other liabilities, being the premium received. This amount is recognised ratably over the period of the contract as fee and commission income. Subsequently, the liabilities are measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments and the amount initially recognised less the cumulative amount of income. Any increase in the liability relating to a financial guarantee is taken to the statement of profit or loss.

(18) Fiduciary activities

When the Group acts in a fiduciary capacity such as custodian or agent, assets arising thereon together with related undertakings to return such assets to customers are excluded from the statement of financial position.

The asset custody services of the Group refer to the business that the Group as trustee approved by regulatory authorities, signs custody agreement with clients and takes the responsibility of trustee in accordance with relevant laws and regulations. The assets under custody are not recorded on the statement of financial position as the Group merely fulfils the responsibility as trustee and charges fees in accordance with these agreements without retaining any risks or rewards of the assets under custody.

The Group grants entrusted loans on behalf of trustors, which are recorded off-balance sheet. The Group, as a trustee, grants such entrusted loans to borrowers under the direction of those trustors who fund these loans. The Group has been contracted by those trustors to manage the administration and collection of these loans on their behalf. Those trustors determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to its activities in connection with entrusted loans which are recognised ratably over the period in which the service is provided. The risk of loss is borne by those trustors.

(19) Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the statement of profit or loss.

The Group records the precious metals received as an asset. A liability to return the amount of precious metals deposited is also recognised. The precious metals deposited with the Group are measured at fair value both on initial recognition and in subsequent measurement.

(20) Property and equipment

Property and equipment, other than construction in progress are stated at costs less accumulated depreciation and any impairment loss. The cost of an item of property and equipment comprises its purchase price, tax and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Construction in progress comprises the direct costs of construction during the period of construction and is not depreciated. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, less any estimated residual value, over the estimated useful life. The estimated useful life, estimated residual value rate and the annual depreciation rate of each item of property and equipment (excluding aircraft and vessels) are as follows:

	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Properties and buildings	5 – 50 years	0% – 3%	1.94% – 20%
Office equipment and motor vehicles (excluding aircraft and vessels)	2 – 7 years	–	14.29% – 50%
Leasehold improvements		The shorter of the economic useful lives and remaining lease terms	

Equipment under operating leases where the Group is the lessor contains aircraft, aircraft engines and vessels. The estimated useful lives and depreciation methods are determined according to the conditions of individual aircraft and vessel. The estimated residual values are assessed by an independent appraiser based on historical data. The estimated useful lives range from 15 to 25 years.

For an impaired fixed asset, the depreciation is calculated based on the carrying value less the cumulative impairment loss.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

(21) Land use rights

Land use rights are recognised at cost, being the fair value at the time of injection from the central government of the PRC (the "Government") during the Group's restructuring or the consideration paid. The rights are amortised using the straight-line method over the periods of the leases. When the prepaid land lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the costs of properties and buildings as finance leases in property and equipment.

(22) Repossessed assets

Repossessed assets are initially recognised at fair value of assets not retained plus related costs, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(23) Non-financial asset impairment

The Group assesses at the end of each reporting period whether there is any indication that property and equipment, land use rights, right-of-use assets, associates and joint ventures and other non-financial assets may be impaired. If any such indication exists, or when impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined on an individual basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. Where the gross carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use of an asset, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Any such reversal is recognised in profit or loss. After such a reversal, the depreciation or amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(24) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. When the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. When determining the best estimate, the Group considers factors pertaining to a contingency such as risks, uncertainties and time value of money. Where there is a range of possible outcome, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

– where the contingency involves a single item, the best estimate is the most likely outcome;

– where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the end of reporting period. The carrying amount is adjusted to the current best estimate.

(25) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

(26) Preference shares and perpetual bonds

At initial recognition, the Group classifies the preference shares, perpetual bonds issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Preference shares and perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instrument's duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redeemed amount is charged to equity.

(27) Cash and cash equivalents

Cash and cash equivalents refer to monetary assets, which are short-term, highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with central banks, amounts due from banks and other financial institutions and reverse repurchase agreements with original maturity of less than three months.

(28) Revenue recognition

Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVTOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, where appropriate, to the gross carrying amount of the financial asset, or the amortised cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is recognised as interest income, except for:

(i) purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost; and

(ii) purchased or originated financial assets that are not credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets quality improve so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

(i) The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer controls the service provided by the Group in the course of performance; or
- the Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

(ii) In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established, it is probable that the related economic benefits will flow to the Group and the related income can be reliably measured.

(29) Employee benefits

Employee benefits refer to all forms of consideration and other related expenditure given by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the effect of discounting the benefits payable which are payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

All eligible employees outside Chinese mainland participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies and charge to profit or loss or included in the cost of assets where appropriate.

Post-employment benefits-defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance and unemployment insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the organisations. Basic pension insurance and unemployment insurance contributions are recognised as liabilities with a corresponding charge to profit or loss or included in the cost of assets where appropriate as the related services are rendered by the employees.

In addition, employees in Chinese mainland also participate in defined contribution retirement benefit plans established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits. The contribution is charged to profit or loss when it is incurred.

Termination benefits

Termination benefits are payable as a result of either the Group's decision to terminate an employee's employment before the due date of labour contract or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits in profit or loss at the earlier of:

– when the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

– when the Group has a specific, formal restructure plan involving payment of termination benefits, and the plan has started or informed each affected party about the influence of the plan, therefore each party formed reasonable expectations.

Early retirement benefits

According to the Bank's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Bank. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss.

(30) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) where the taxable temporary difference arises from the initial recognition of goodwill;

(ii) where the taxable temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income (or deductible expenses), and such transaction does not give rise to equivalent taxable temporary differences and deductible temporary differences.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax liabilities are recognised except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except that deferred tax assets are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction and that:

(i) transaction is not a business combination;

(ii) at the time of the transaction, it affects neither the accounting profit nor taxable income (or deductible expenses);

(iii) such transaction does not give rise to equivalent taxable temporary differences and deductible temporary differences.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, and reflect the corresponding tax effect.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(31) Dividends

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. A dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements, estimates and assumptions concerning the uncertainty of the future at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI, and with exposure arising from loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (the likelihood of customers defaulting and the resulting losses). Refer to Note 50(a) credit risk for the explanation of the inputs, assumptions and estimation techniques used in measuring ECL.

Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

Fair value of financial instruments

If the market for a financial instrument is not active, the Group determines the fair value by using valuation technique, including using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Valuation technique makes maximum use of observable market input. However, where observable market inputs are not available, management makes estimates on such unobservable market inputs.

Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 4(2) indicate that the Group controls securitisation vehicles, wealth management products, investment funds, trust plans, asset management plans and asset-backed securities.

(In RMB millions, unless otherwise stated)

Securitisation vehicles

Certain securitisation vehicles sponsored by the Group under its securitisation programme are run according to predetermined criteria at the initial set up of the vehicles. In addition, the Group is exposed to variability of returns from the vehicles through holding interests in the vehicles and the day-to-day servicing of the underlying assets in the vehicles which is carried out by the Group under a servicing contract. Key decisions are usually required only when underlying assets go into default. Therefore, in considering whether it has control, the Group considers whether it can use its power to influence these vehicles' returns.

Wealth management products, investment funds, trust plans, asset management plans and asset-backed securities

The Group acts as manager or investor in a number of wealth management products, investment funds, trust plans, asset management plans and assets-backed securities. When assessing whether the Group controls such a structured entity, the Group would determine whether it exercises the decision-making rights as a principal or an agent and usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. The Group would also determine whether another entity with decision-making rights is acting as an agent for it.

6. NET INTEREST INCOME

	2023	2022
Interest income on:		
Loans and advances to customers	951,845	900,063
Corporate loans and advances	581,117	507,252
Personal loans	353,039	376,864
Discounted bills	17,689	15,947
Financial investments	338,267	297,106
Due from central banks	53,815	45,425
Due from banks and other financial institutions (i)	61,112	36,080
	1,405,039	1,278,674
Interest expense on:		
Due to customers	(589,688)	(480,083)
Due to banks and other financial institutions (ii)	(103,529)	(70,732)
Debt securities issued and certificates of deposit	(56,809)	(35,874)
	(750,026)	(586,689)
Net interest income	655,013	691,985

(i) Includes interest income on reverse repurchase agreements.

(ii) Includes interest expense on due to central banks and repurchase agreements.

The above interest income and expense are related to financial instruments which are not measured at fair value through profit or loss.

(In RMB millions, unless otherwise stated)

7. NET FEE AND COMMISSION INCOME

	2023	2022
Fee and commission income on:		
Settlement, clearing business and cash management	45,418	45,439
Personal wealth management and private banking services	22,582	26,253
Investment banking business	20,060	19,586
Bank card business	17,906	17,736
Corporate wealth management services	11,770	14,172
Asset custody business	7,994	8,709
Guarantee and commitment business	7,296	8,803
Trust and agency services	1,950	1,894
Other	2,915	3,226
	137,891	145,818
Fee and commission expense	(18,534)	(16,493)
Net fee and commission income	119,357	129,325

Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above is an amount of RMB17,179 million with respect to trust and other fiduciary activities for 2023 (2022: RMB22,290 million).

8. NET TRADING INCOME

	2023	2022
Debt securities	12,063	5,638
Derivatives and other	4,421	5,332
Equity investments	(1,556)	(2,662)
	14,928	8,308

The above amounts mainly include gains and losses arising from the buying and selling of, the interest income and expense on, and the changes in fair value of financial assets and liabilities held for trading.

9. NET GAINS ON FINANCIAL INVESTMENTS

	2023	2022
Net gains/(losses) on financial instruments measured at FVTPL, including:	10,496	(217)
Net losses on financial instruments designated as at FVTPL	(4,163)	(4,747)
Net gains on disposal of financial instruments measured at FVTOCI	3,788	3,047
Dividend income from equity investments designated as at FVTOCI, including:	4,020	4,179
Derecognised during the year	884	541
Held at the end of current year	3,136	3,638
Net gains on disposal of financial instruments measured at amortised cost	2,596	904
Other	660	(7)
	21,560	7,906

(In RMB millions, unless otherwise stated)

10. OTHER OPERATING (EXPENSE)/INCOME, NET

	2023	2022
Net operating lease business income	10,684	12,075
Net insurance business expense	(9,028)	(5,778)
Net gains on disposal of property and equipment, repossessed assets and other assets	1,925	1,590
Net losses from foreign exchange and foreign exchange products	(7,785)	(3,756)
Other	(196)	697
	(4,400)	4,828

11. OPERATING EXPENSES

	2023	2022
Staff costs:		
Salaries and bonuses	93,496	92,793
Staff benefits	29,422	31,745
Post-employment benefits – defined contribution plans (i)	18,487	18,095
	141,405	142,633
Property and equipment expenses:		
Depreciation charge for property and equipment	15,995	15,935
Depreciation charge for right-of-use assets and other leasing expense	7,479	7,847
Repairs and maintenance charges	2,955	3,047
Utility expenses	2,105	1,993
	28,534	28,822
Amortisation	4,429	3,716
Other administrative expenses (ii)	29,442	27,155
Taxes and surcharges	10,662	10,097
Other	24,226	26,928
	238,698	239,351

(i) The defined contribution plans mainly include pension insurance, unemployment insurance and the annuity plan.

(ii) The principal auditor's remuneration of RMB192 million for the year (2022: RMB192 million) is included in other administrative expenses.

(iii) In 2023, the Group incurred RMB4,593 million (2022: RMB4,304 million) of expensed research and development expenditures and RMB1,590 million (2022: RMB1,749 million) of capitalized research and development expenditures.

12. DIRECTORS' AND SUPERVISORS' REMUNERATION

Details of the directors' and supervisors' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance, are as follows:

		Year ended 31 December 2023			
Name	Position	Remuneration before tax paid RMB'000 (1)	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances RMB'000 (2)	Fees RMB'000 (3)	Total remuneration before tax RMB'000 (4)=(1)+(2)+(3)
Liao Lin (i)	Chairman, Executive Director	673	227	–	900
Wang Jingwu	Executive Director, Senior Executive Vice President, Chief Risk Officer	605	220	–	825
Lu Yongzhen	Non-executive Director	–	–	–	–
Feng Weidong	Non-executive Director	–	–	–	–
Cao Liqun	Non-executive Director	–	–	–	–
Chen Yifang	Non-executive Director	–	–	–	–
Dong Yang	Non-executive Director	–	–	–	–
Yang Siu Shun	Independent Non-executive Director	–	–	470	470
Shen Si	Independent Non-executive Director	–	–	490	490
Fred Zuliu Hu	Independent Non-executive Director	–	–	440	440
Norman Chan Tak Lam	Independent Non-executive Director	–	–	420	420
Herbert Walter (ii)	Independent Non-executive Director	–	–	–	–
Huang Li	Employee Supervisor	–	–	50	50
Zhang Jie	External Supervisor	–	–	250	250
Liu Lanbiao	External Supervisor	–	–	250	250
Chen Siqing (iii)	Former Chairman, Executive Director	673	227	–	900
Zheng Guoyu (iv)	Former Executive Director, Senior Executive Vice President	151	54	–	205
Anthony Francis Neoh (v)	Former Independent Non-executive Director	–	–	520	520
Wu Xiangjiang (vi)	Former Employee Supervisor	–	–	–	–
Total		2,102	728	2,890	5,720

Note: Since January 2015, the remuneration of the Chairman of the Board of Directors, the President and other executives of the Bank has followed the State Government's policies relating to the remuneration reform on executives of central enterprises.

The total compensation packages for the Chairman of the Board of Directors, President and Executive Directors of the Bank have not been finalized in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's 2023 consolidated financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

Fees of Mr. Huang Li are his allowances obtained as Employee Supervisor of the Bank, excluding his remuneration with the Bank in accordance with the employee remuneration system.

As at the approval date of the consolidated financial statements for the year ended 31 December 2023, changes of directors and supervisors of the Bank were as follows:

(i) In February 2024, Mr. Liao Lin resigned as President of the Bank due to adjustment of job assignments. In order to ensure the normal operation and management of the Bank, Mr. Liao Lin performs the functions and powers of the President on behalf of the Bank in accordance with regulatory requirements and the Articles of Association of the Bank, and the period for performing the duties on behalf of the President will end on the date when the new President formally takes office. On 1 February 2024, the Board of Directors of the Bank elected Mr. Liao Lin as Chairman of the Board of Directors of the Bank, and his qualification was approved by NFRA in February 2024.

(ii) At the First Extraordinary General Meeting of 2023 held on 30 November 2023, Mr. Herbert Walter was elected as Independent Non-executive Director of the Bank, and his qualification was approved by NFRA in March 2024.

(iii) In February 2024, Mr. Chen Siqing ceased to act as Chairman of the Board of Directors and Executive Director of the Bank due to his age.

(iv) In April 2023, Mr. Zheng Guoyu ceased to act as Executive Director and Senior Executive Vice President of the Bank due to change of job assignments.

(v) In March 2024, Mr. Anthony Francis Neoh ceased to act as Independent Non-executive Director of the Bank due to expiration of his term of office.

(vi) In January 2023, Mr. Wu Xiangjiang ceased to act as Employee Supervisor of the Bank due to his age.

		Year ended 31 December 2022						
Name	Position	Fees RMB'000 (1)	Remuneration RMB'000 (2)	Discretionary bonuses RMB'000 (3)	Contribution by the employer to social insurance, housing allowance, annuities and additional medical insurances RMB'000 (4)	Total emoluments before tax RMB'000 (5)=(1)+(2)+(3)+(4)	Of which: deferred payment RMB'000 (6)	Actual amount of remuneration before tax paid RMB'000 (7)=(5)-(6)
Chen Siqing	Chairman, Executive Director	–	384	533	212	1,129	–	1,129
Liao Lin	Vice Chairman, Executive Director, President	–	384	533	212	1,129	–	1,129
Zheng Guoyu	Executive Director, Senior Executive Vice President	–	346	481	204	1,031	–	1,031
Wang Jingwu	Executive Director, Senior Executive Vice President, Chief Risk Officer	–	346	481	204	1,031	–	1,031
Lu Yongzhen	Non-executive Director	–	–	–	–	–	–	–
Feng Weidong	Non-executive Director	–	–	–	–	–	–	–
Cao Liqun	Non-executive Director	–	–	–	–	–	–	–
Chen Yifang	Non-executive Director	–	–	–	–	–	–	–
Dong Yang (i)	Non-executive Director	–	–	–	–	–	–	–
Anthony Francis Neoh	Independent Non-executive Director	520	–	–	–	520	–	520
Yang Siu Shun	Independent Non-executive Director	470	–	–	–	470	–	470
Shen Si	Independent Non-executive Director	485	–	–	–	485	–	485
Fred Zuliu Hu	Independent Non-executive Director	433	–	–	–	433	–	433
Norman Chan Tak Lam (ii)	Independent Non-executive Director	140	–	–	–	140	–	140
Huang Li	Employee Supervisor	50	–	–	–	50	–	50
Zhang Jie	External Supervisor	250	–	–	–	250	–	250
Liu Lanbiao (iii)	External Supervisor	130	–	–	–	130	–	130
Huang Liangbo (iv)	Former Chairman of the Board of Supervisors	–	256	356	137	749	–	749
Zheng Fuqing (v)	Former Non-executive Director	–	–	–	–	–	–	–
Nout Wellink (vi)	Former Independent Non-executive Director	117	–	–	–	117	–	117
Zhang Wei (vii)	Former Shareholder Supervisor	–	210	460	85	755	–	755
Wu Xiangjiang (viii)	Former Employee Supervisor	50	–	–	–	50	–	50
Shen Bingxi (ix)	Former External Supervisor	–	–	–	–	–	–	–
Total		2,645	1,926	2,844	1,054	8,469	–	8,469

Note: Since January 2015, the remuneration of the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other executives of the Bank has followed the State Government's policies relating to the remuneration reform on executives of central enterprises.

The remuneration before tax of Directors and Supervisors for 2022 set out in the table above represents the total amount of annual remuneration for each of these individuals, which include the amounts disclosed in the 2022 Annual Report.

Pursuant to the PRC relevant regulations, a portion of the discretionary bonus payments for the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors and other senior management members are deferred and will be determined based on the future performance.

In accordance with applicable national regulations, the incentive income for 2018-2020 was paid to the Chairman, the President and Senior Executive Vice President of the Bank in 2021 based on their specific tenure and performance appraisal results. Accordingly, the Bank accrued RMB16 thousand, RMB9 thousand and RMB7 thousand for Mr. Chen Siqing, Mr. Liao Lin and Mr. Wang Jingwu respectively, as additional contribution to the Annuity Plan in 2022.

Fees of Mr. Huang Li and Mr. Wu Xiangjiang are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system.

As at the approval date of the consolidated financial statements for the year ended 31 December 2022, changes of directors and supervisors of the Bank were as follows:

(i) At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Dong Yang was elected as Non-executive Director of the Bank, and his qualification was approved by the former CBIRC in January 2022.

(ii) At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank, and his qualification was approved by the former CBIRC in September 2022.

(iii) At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Liu Lanbiao was elected as External Supervisor of the Bank, and his term of office started from the day of approval at the Annual General Meeting.

(iv) In September 2022, Mr. Huang Liangbo ceased to act as Shareholder Supervisor and Chairman of the Board of Supervisors of the Bank due to change of job assignments.

(v) In January 2022, Mr. Zheng Fuqing ceased to act as Non-executive Director of the Bank due to expiration of his term of office.

(vi) In March 2022, Mr. Nout Wellink ceased to act as Independent Non-executive Director of the Bank due to expiration of his term of office.

(vii) In April 2022, Mr. Zhang Wei ceased to act as Shareholder Supervisor of the Bank due to his age.

(viii) In January 2023, Mr. Wu Xiangjiang ceased to act as Employee Supervisor of the Bank due to his age.

(ix) In June 2022, Mr. Shen Bingxi ceased to act as External Supervisor of the Bank due to expiration of his term of office.

The Non-executive Directors of the Bank who were recommended by Huijin received emoluments from Huijin in respect of their services during the year.

In 2023, there was no arrangement under which a Director or a Supervisor of the Bank waived or agreed to waive any remuneration (2022: None).

In 2023, no emolument was paid by the Group to any of the Directors or Supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office (2022: Nil).

13. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group are employees of the Bank's subsidiaries. Their emoluments were determined based on the prevailing market rates in the respective countries/regions where the subsidiaries are operating. None of them are directors, supervisors or key management personnel of the Bank whose emoluments are disclosed in Notes 12 and 48(g) to the consolidated financial statements. Details of the emoluments in respect of the five highest paid individuals are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and allowances	16,672	14,119
Discretionary bonuses	59,475	74,004
Other	430	78
	76,577	88,201

The number of these individuals whose emoluments fell within the following bands is set out below:

	Number of employees	
	2023	2022
RMB11,000,001 Yuan to RMB13,000,000 Yuan	1	2
RMB13,000,001 Yuan to RMB15,000,000 Yuan	1	1
RMB15,000,001 Yuan to RMB17,000,000 Yuan	1	–
RMB17,000,001 Yuan to RMB19,000,000 Yuan	2	–
RMB19,000,001 Yuan to RMB21,000,000 Yuan	–	–
RMB21,000,001 Yuan to RMB23,000,000 Yuan	–	–
RMB23,000,001 Yuan to RMB25,000,000 Yuan	–	1
RMB25,000,001 Yuan to RMB27,000,000 Yuan	–	1
	5	5

In 2023, no emolument was paid by the Group to any of these non-director and non-supervisor individuals as an inducement to join or upon joining the Group or as a compensation for loss of office (2022: Nil).

14. IMPAIRMENT LOSSES ON ASSETS

	2023	2022
Loans and advances to customers (Note 23)	143,422	143,173
Other	7,394	39,504
	150,816	182,677

(In RMB millions, unless otherwise stated)

15. INCOME TAX EXPENSE

(a) Income tax expense

	2023	2022
Current income tax expense		
Chinese mainland	58,651	76,152
Hong Kong SAR and Macau SAR	1,191	1,898
Other overseas jurisdictions	5,211	3,584
	65,053	81,634
Deferred income tax expense	(8,203)	(19,024)
	56,850	62,610

The Group has applied the amendments to IAS 12 on Pillar Two legislation. Therefore, the Group shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two legislation.

As of December 31, 2023, 16 of the jurisdictions where the Group's overseas operating institutions are located, including the UK and Luxembourg, had enacted Pillar Two legislation which will be implemented in 2024 or later. Therefore, the legislation in the aforementioned jurisdictions has no impact on the financial position and financial performance of the Group for the year 2023. According to the rules of Pillar Two legislation, low-tax jurisdictions with effective tax rate below 15% may have a Top-up Tax impact. There are differences in the computation of effective tax rate between Pillar Two legislation and IFRSs. The Group is continuing to assess the impact of the Pillar Two legislation on future financial performance.

(b) Reconciliation between income tax and accounting profit

PRC statutory income tax rate is 25%. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates in. The Group has reconciled income tax expense applicable to profit before taxation at the PRC statutory income tax rate to actual income tax expense for the Group as follows:

	2023	2022
Profit before taxation	421,966	424,720
Tax at the PRC statutory income tax rate	105,492	106,180
Effects of different applicable rates of tax prevailing in other countries/regions	(288)	(869)
Effects of non-deductible expenses (i)	19,580	18,679
Effects of non-taxable income (ii)	(65,266)	(58,688)
Effects of profits attributable to associates and joint ventures	(449)	(439)
Effects of other	(2,219)	(2,253)
Income tax expense	56,850	62,610

(i) The non-deductible expenses mainly represent non-deductible impairment allowance and write-offs.

(ii) The non-taxable income mainly represents interest income arising from the PRC government bonds and municipal debts.

16. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

The consolidated profit attributable to equity holders of the parent company for the year ended 31 December 2023 includes a profit of RMB347,516 million (2022: RMB346,056 million) which has been dealt with in the financial statements of the Bank (Note 52).

17. DIVIDENDS

	2023	2022
Dividends on ordinary shares declared and paid:		
Dividends on ordinary shares for 2022: RMB0.3035 per share (2021: RMB0.2933 per share)	108,169	104,534
Dividends or interests declared and paid to other equity instrument holders:		
Dividends on preference shares	5,842	5,797
Interests on perpetual bonds distributed	9,122	9,013
	14,964	14,810
Dividends on ordinary shares proposed for approval (not recognised as at 31 December):		
Dividends on ordinary shares for 2023: RMB0.3064 per share (2022: RMB0.3035 per share)	109,203	108,169

18. EARNINGS PER SHARE

	2023	2022
Earnings:		
Profit for the year attributable to equity holders of the parent company	363,993	361,132
Less: Profit for the year attributable to other equity instrument holders of the parent company	(14,964)	(14,810)
Profit for the year attributable to ordinary shareholders of the parent company	349,029	346,322
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,407	356,407
Basic earnings per share (RMB yuan)	0.98	0.97
Diluted earnings per share (RMB yuan)	0.98	0.97

Basic and diluted earnings per share were calculated using the profit for the year attributable to ordinary shareholders of the parent company divided by the weighted average number of ordinary shares in issue.

(In RMB millions, unless otherwise stated)

19. CASH AND BALANCES WITH CENTRAL BANKS

	31 December 2023	31 December 2022
Cash on hand	66,699	66,340
Balances with central banks		
Mandatory reserves (i)	2,832,799	2,647,750
Surplus reserves (ii)	952,050	516,558
Fiscal deposits and other	188,923	195,604
Accrued interest	1,822	1,640
	4,042,293	3,427,892

(i) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. They are not available for use in the Group's daily operations. As at 31 December 2023, the mandatory reserve deposits ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were 9% (31 December 2022: 9.5%) and 4% (31 December 2022: 6%) respectively. The mandatory reserve funds placed by domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.

(ii) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

20. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2023	31 December 2022
Deposits with banks and other financial institutions:		
Banks operating in Chinese mainland	221,700	232,150
Other financial institutions operating in Chinese mainland	24,145	14,556
Banks and other financial institutions operating outside Chinese mainland	164,954	116,014
Accrued interest	3,885	3,406
	414,684	366,126
Less: Allowance for impairment losses	(426)	(393)
	414,258	365,733
Placements with banks and other financial institutions:		
Banks operating in Chinese mainland	265,904	394,590
Other financial institutions operating in Chinese mainland	209,164	226,604
Banks and other financial institutions operating outside Chinese mainland	222,934	200,951
Accrued interest	7,591	5,761
	705,593	827,906
Less: Allowance for impairment losses	(3,134)	(1,107)
	702,459	826,799
	1,116,717	1,192,532

(In RMB millions, unless otherwise stated)

21. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments including forwards, swaps, options and futures.

The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amounts and fair values of derivative financial instruments held by the Group are set out below:

	31 December 2023			31 December 2022		
	Notional amounts	Fair values Assets	Fair values Liabilities	Notional amounts	Fair values Assets	Fair values Liabilities
Exchange rate contracts	6,015,214	52,830	(41,618)	4,310,971	52,249	(54,844)
Interest rate contracts	4,231,434	15,142	(16,273)	3,139,900	24,945	(23,760)
Commodity derivatives and other	1,003,045	7,367	(18,360)	937,006	10,011	(17,746)
	11,249,693	75,339	(76,251)	8,387,877	87,205	(96,350)

(a) Cash flow hedges

The Group's cash flow hedges consist of interest rate swap contracts, currency swap contracts, equity and other derivatives that are used to protect against exposures to variability of future cash flows.

Included in the above derivative financial instruments, those designated as hedging instruments in the Group's cash flow hedges are set out below:

	31 December 2023						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	–	2,417	1,863	–	4,280	99	(6)
Currency swap contracts	42,935	82,685	4,322	–	129,942	761	(1,052)
Equity and other derivatives	922	322	82	2	1,328	74	(17)
	43,857	85,424	6,267	2	135,550	934	(1,075)

	31 December 2022						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	886	3,137	4,085	–	8,108	203	(38)
Currency swap contracts	74,270	81,348	4,999	–	160,617	1,739	(3,561)
Equity and other derivatives	4,730	5,002	66	4	9,802	44	(126)
	79,886	89,487	9,150	4	178,527	1,986	(3,725)

(In RMB millions, unless otherwise stated)

Details of the Group's hedged risk exposures in cash flow hedges and the corresponding effect on equity are as follows:

	31 December 2023			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Securities (i)	4,733	(27,775)	248	593
Loans and advances to customers	39,997	–	169	169
Other (ii)	30,146	(41,615)	(290)	(3,630)
	74,876	(69,390)	127	(2,868)

(i) Securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost, debt securities issued and certificates of deposit.

(ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

	31 December 2022			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Securities (i)	34,288	(49,433)	184	345
Loans and advances to customers	623	–	8	–
Other (ii)	30,693	(60,418)	1,076	(3,340)
	65,604	(109,851)	1,268	(2,995)

(i) Securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions, other assets, due to banks and other financial institutions, customer deposits and other liabilities.

There was no ineffectiveness recognised in profit or loss that arises from the cash flow hedges in 2023 and 2022.

(b) Fair value hedges

Fair value hedges are used by the Group to protect against changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group mainly used interest rate swaps as hedging instruments to hedge the interest risk of financial assets and financial liabilities.

The changes in fair value of the hedging instruments and net gains or losses arising from the hedged risk relating to the hedged items are set out below:

	2023	2022
Gains/(losses) arising from fair value hedges, net:		
Hedging instruments	1,919	4,721
The hedged items	(1,988)	(4,752)
	(69)	(31)

(In RMB millions, unless otherwise stated)

Included in the above derivative financial instruments, those designated as hedging instruments in fair value hedges are interest rate swaps and the details are set out below:

	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
31 December 2023	2,270	18,042	45,069	17,020	82,401	2,955	(416)
31 December 2022	2,976	12,383	61,752	30,892	108,003	725	(94)

Details of the Group's hedged risk exposures in fair value hedges are set out below:

	31 December 2023			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Securities (i)	73,809	(1,404)	(703)	62
Loans and advances to customers	3,429	–	(90)	–
Other (ii)	3,267	–	(92)	–
	80,505	(1,404)	(885)	62

(i) Securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions and repurchase agreements.

	31 December 2022			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Securities (i)	89,761	(1,799)	(493)	105
Loans and advances to customers	4,780	–	(89)	–
Other (ii)	1,267	(6,528)	(10)	22
	95,808	(8,327)	(592)	127

(i) Securities are included in financial investments measured at FVTOCI, financial investments measured at amortised cost and debt securities issued.

(ii) Other hedged items are included in due from banks and other financial institutions and repurchase agreements.

(c) Net investment hedges

The Group's consolidated statement of financial position is affected by exchange differences between the functional currency of the Bank and functional currencies of its branches and subsidiaries. The Group hedges such exchange exposures under certain circumstances. Hedging is undertaken by using customer deposits taken in the same currencies as the functional currencies of related branches and subsidiaries which are accounted for as hedges of certain net investments in foreign operations.

As at 31 December 2023, an accumulated net losses from the hedging instrument of RMB1,002 million was recognised in other comprehensive income (31 December 2022: accumulated net losses of RMB675 million). There was no ineffectiveness in profit or loss that arises from the net investment hedges in 2023 and 2022.

(In RMB millions, unless otherwise stated)

(d) Offsetting of financial instruments

In accordance with the principle of offsetting financial instruments, the Group offsets certain derivative financial assets, derivative financial liabilities and variation margin and presents the net amounts after offsetting in the financial statements.

	31 December 2023		31 December 2022	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	71,381	24,048	57,400	30,970
Derivative financial liabilities	72,958	26,884	60,494	34,064

(e) Counterparty credit risk-weighted assets of derivative financial instruments

The credit risk-weighted assets in respect of the above derivatives of the Group as at the end of the reporting period are as follows:

	31 December 2023	31 December 2022
Counterparty credit default risk-weighted assets	86,521	116,655
Including: Non-netting settled credit default risk-weighted assets	48,975	80,534
Netting settled credit default risk-weighted assets	37,546	36,121
Credit value adjustment risk-weighted assets	36,563	40,729
Central counterparties credit risk-weighted assets	4,678	8,840
	127,762	166,224

The credit risk-weighted assets of derivative financial instruments were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional). The risk-weighted assets for counterparty credit risk of derivatives of the Group were calculated in accordance with the Rules on Measuring Derivative Counterparty Default Risk Assets since 1 January 2019.

22. REVERSE REPURCHASE AGREEMENTS

	31 December 2023	31 December 2022
Measured at amortised cost:		
Reverse repurchase agreements-bills	109,077	144,409
Reverse repurchase agreements-securities	1,073,854	564,670
Accrued interest	909	544
Less: Allowance for impairment losses	(97)	(475)
	1,183,743	709,148
Measured at FVTPL:		
Reverse repurchase agreements-securities and cash advanced as collateral on securities borrowing	40,514	154,974
	1,224,257	864,122

(In RMB millions, unless otherwise stated)

23. LOANS AND ADVANCES TO CUSTOMERS

23.1 Loans and advances to customers by type of measurement:

	31 December 2023	31 December 2022
Measured at amortised cost:		
Corporate loans and advances	16,128,752	13,813,025
– Loans	15,940,237	13,614,804
– Finance lease	188,515	198,221
Personal loans	8,653,621	8,234,625
Discounted bills	2,755	4,104
Accrued interest	56,117	53,487
	24,841,245	22,105,241
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost (Note 23.2(a))	(756,001)	(672,224)
	24,085,244	21,433,017
Measured at FVTOCI:		
Corporate loans and advances		
– Loans	10,348	11,161
Discounted bills	1,284,902	1,144,681
Accrued interest	335	37
	1,295,585	1,155,879
Measured at FVTPL:		
Corporate loans and advances		
– Loans	6,104	2,780
	25,386,933	22,591,676

As at 31 December 2023, the Group's allowance for impairment losses on loans and advances to customers measured at FVTOCI was RMB390 million (31 December 2022: RMB538 million), refer to Note 23.2(b).

(In RMB millions, unless otherwise stated)

23.2 Allowance for impairment losses on loans and advances

(a) *Movements of the allowance for impairment losses on loans and advances to customers measured at amortised cost are as follows:*

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	278,715	141,586	251,923	672,224
Transfer:				
– to stage 1	46,568	(42,004)	(4,564)	–
– to stage 2	(7,253)	12,411	(5,158)	–
– to stage 3	(2,596)	(44,930)	47,526	–
Charge for the year	27,041	89,529	26,736	143,306
Write-offs and transfer out	–	–	(72,721)	(72,721)
Recoveries of loans and advances previously written off	–	–	14,915	14,915
Other movements	255	(352)	(1,626)	(1,723)
Balance at 31 December 2023	342,730	156,240	257,031	756,001

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	269,376	110,649	223,739	603,764
Transfer:				
– to stage 1	31,002	(28,109)	(2,893)	–
– to stage 2	(11,705)	15,684	(3,979)	–
– to stage 3	(4,594)	(49,676)	54,270	–
(Reverse)/charge for the year	(6,642)	92,227	57,271	142,856
Write-offs and transfer out	–	–	(85,157)	(85,157)
Recoveries of loans and advances previously written off	–	–	9,529	9,529
Other movements	1,278	811	(857)	1,232
Balance at 31 December 2022	278,715	141,586	251,923	672,224

(In RMB millions, unless otherwise stated)

(b) Movements of the allowance for impairment losses on loans and advances to customers measured at FVTOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	510	–	28	538
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	–	–	–	–
– to stage 3	(46)	–	46	–
(Reverse)/charge for the year	(108)	–	224	116
Write-offs and transfer out	–	–	(270)	(270)
Other movements	5	–	1	6
Balance at 31 December 2023	361	–	29	390

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	191	–	28	219
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	–	–	–	–
– to stage 3	–	–	–	–
Charge for the year	317	–	–	317
Other movements	2	–	–	2
Balance at 31 December 2022	510	–	28	538

In 2023, the changes of gross carrying amounts of loans and advances to customers with a significant impact on the Group's impairment allowance were mainly resulted from the credit business in Chinese mainland, including: the gross carrying amount of domestic branches loans and advances to customers transferred from Stage 1 to Stage 2 was RMB436,289 million (2022: RMB497,668 million); the gross carrying amount of domestic branches loans transferred from Stage 2 to Stage 3 was RMB101,522 million (2022: RMB122,174 million); the gross carrying amount of domestic branches loans transferred from Stage 2 to Stage 1 was RMB223,294 million (2022: RMB147,733 million). The changes of impairment allowance resulting from loans transferred from Stage 1 to Stage 3, Stage 3 to Stage 1 and Stage 3 to Stage 2 were not significant (2022: not significant).

24. FINANCIAL INVESTMENTS

		31 December 2023	31 December 2022
Financial investments measured at FVTPL	(a)	811,957	747,474
Financial investments measured at FVTOCI	(b)	2,230,862	2,223,096
Financial investments measured at amortised cost	(c)	8,806,849	7,563,132
		11,849,668	10,533,702

(In RMB millions, unless otherwise stated)

(a) Financial investments measured at FVTPL

	31 December 2023	31 December 2022
Financial investments held for trading		
Debt securities (analysed by type of issuers):		
Governments and central banks	186,993	123,419
Policy banks	21,338	11,872
Banks and other financial institutions	64,517	73,139
Corporate entities	84,302	106,907
	357,150	315,337
Equity investments	14,650	10,711
	371,800	326,048
Financial investments designated as at FVTPL		
Debt securities (analysed by type of issuers):		
Governments and central banks	372	–
Banks and other financial institutions	181	–
Corporate entities	222	–
	775	–
Funds and other investments	42,868	49,318
	43,643	49,318
Other financial investments measured at FVTPL		
Debt securities (analysed by type of issuers):		
Policy banks	13,037	16,418
Banks and other financial institutions	166,690	157,946
Corporate entities	2,517	3,549
	182,244	177,913
Equity investments	90,396	87,032
Funds and other investments	123,874	107,163
	396,514	372,108
	811,957	747,474
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	3,204	2,177
Listed outside Hong Kong SAR	20,629	30,276
Unlisted	516,336	460,797
	540,169	493,250

(In RMB millions, unless otherwise stated)

	31 December 2023	31 December 2022
Equity investments:		
Listed in Hong Kong SAR	2,937	2,443
Listed outside Hong Kong SAR	27,188	25,817
Unlisted	74,921	69,483
	105,046	97,743
Funds and other investments:		
Listed in Hong Kong SAR	3,353	2,517
Listed outside Hong Kong SAR	2,393	2,982
Unlisted	160,996	150,982
	166,742	156,481
	811,957	747,474

(b) Financial investments measured at FVTOCI

	31 December 2023	31 December 2022
Debt securities (analysed by type of issuers):		
Governments and central banks	1,076,400	982,051
Policy banks	184,168	211,905
Banks and other financial institutions	293,463	349,923
Corporate entities	566,522	560,850
Accrued interest	22,099	19,977
	2,142,652	2,124,706
Other debt investments	5,421	5,264
Equity investments	82,789	93,126
	2,230,862	2,223,096
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	123,348	92,309
Listed outside Hong Kong SAR	339,324	303,881
Unlisted	1,679,980	1,728,516
	2,142,652	2,124,706
Other debt investments:		
Unlisted	5,421	5,264
Equity investments:		
Listed in Hong Kong SAR	5,681	3,965
Listed outside Hong Kong SAR	4,363	4,506
Unlisted	72,745	84,655
	82,789	93,126
	2,230,862	2,223,096

(In RMB millions, unless otherwise stated)

As at 31 December 2023, the accumulated unrealized profit of the Group's debt securities and other debt investments measured at FVTOCI was RMB19,296 million and RMB66 million (31 December 2022: the accumulated unrealized loss of RMB10,144 million and RMB41 million).

The Group designates certain non-trading equity investments as financial investments measured at FVTOCI. As at December 31, 2023, the cumulated fair value floating profit of equity investments was RMB4,267 million (December 31, 2022: RMB2,902 million) In 2023, dividend income from such equity investments was RMB4,020 million (2022: RMB4,179 million). There was RMB884 million dividend income from equity investments derecognised (2022: RMB541 million). The value of equity investments disposed of was RMB20,496 million (2022: RMB12,337 million) and the cumulative gains transferred into retained earnings from other comprehensive income after disposal was RMB366 million (2022: RMB429 million).

Allowance for impairment losses on financial investments measured at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment gain or loss is recognised in the profit or loss. Movements of the allowance for impairment losses on financial investments measured at FVTOCI are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	4,794	1,009	3,527	9,330
Transfer:				
_ to stage 1	40	(40)	–	–
– to stage 2	(49)	49	–	–
– to stage 3	–	–	–	–
(Reverse)/charge for the year	(13)	(78)	659	568
Other movements	63	24	(417)	(330)
Balance at 31 December 2023	4,835	964	3,769	9,568

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	2,677	355	1,341	4,373
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(174)	174	–	–
– to stage 3	(19)	(86)	105	–
Charge for the year	2,203	545	2,072	4,820
Other movements	107	21	9	137
Balance at 31 December 2022	4,794	1,009	3,527	9,330

(In RMB millions, unless otherwise stated)

(c) Financial investments measured at amortised cost

	31 December 2023	31 December 2022
Debt securities (analysed by type of issuers):		
Governments and central banks (i)	7,529,154	6,398,119
Policy banks	593,513	522,148
Banks and other financial institutions (ii)	542,365	510,192
Corporate entities	68,061	63,855
Accrued interest	98,590	90,410
	8,831,683	7,584,724
Other investments (iii)	13,869	9,734
Accrued interest	16	9
	13,885	9,743
	8,845,568	7,594,467
Less: Allowance for impairment losses	(38,719)	(31,335)
	8,806,849	7,563,132
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	38,843	32,267
Listed outside Hong Kong SAR	200,976	194,467
Unlisted	8,555,776	7,329,267
	8,795,595	7,556,001
Other investments:		
Unlisted	11,254	7,131
	11,254	7,131
	8,806,849	7,563,132
Market value of listed securities	236,482	223,682

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	28,613	23	2,699	31,335
Transfer:				
– to stage 1	19	(19)	–	–
– to stage 2	(2)	2	–	–
– to stage 3	–	–	–	–
Charge for the year	7,385	4	–	7,389
Other movements	(6)	1	–	(5)
Balance at 31 December 2023	36,009	11	2,699	38,719

(In RMB millions, unless otherwise stated)

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	5,493	850	118	6,461
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(3)	3	–	–
– to stage 3	–	(830)	830	–
Charge for the year	23,055	–	1,772	24,827
Other movements	68	–	(21)	47
Balance at 31 December 2022	28,613	23	2,699	31,335

(i) This includes a special government bond, which is a non-negotiable bond with a nominal value of RMB85,000 million (31 December 2022: RMB85,000 million) issued by the Ministry of Finance of the People's Republic of China (the "MOF") to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.

(ii) This includes Huarong bonds of RMB90,309 million (31 December 2022: RMB90,309 million). Huarong bonds are a series of long-term bonds issued by the former China Huarong Asset Management Co., Ltd. ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. The MOF provides funding support for the repayment of principal and interest of the bonds. In 2010, the Bank received a notice from the MOF that the maturity dates of the Huarong bonds were extended for ten years. In 2020, the Bank received a notice from the MOF to adjust the interest rate of the Huarong bonds, starting from 1 January 2020. Interest rate would be determined on yearly basis with reference to the average level of five-year government bond yield in the previous year. In January 2021, the Bank received notice from the MOF that the maturity dates of Huarong bonds were further extended for ten years. As at 31 December 2023, the Bank had received accumulated early repayments amounting to RMB222,687 million (31 December 2022: RMB222,687 million).

(iii) Other investments include debt investment plans, asset management plans and trust plans with fixed or determinable payments. They will mature from March 2024 to December 2033 and bear interest rates ranging from 3.50% to 6.33% per annum.

25. INVESTMENTS IN SUBSIDIARIES

	31 December 2023	31 December 2022
Listed investments, at cost	2,712	2,712
Unlisted investments, at cost	160,571	160,571
	163,283	163,283

(In RMB millions, unless otherwise stated)

Particulars of the Group's principal subsidiaries as at the end of the reporting period are as follows:

Name	Percentage of equity interest % 31 December 2023	Percentage of equity interest % 31 December 2022	Nominal value of issued share/ paid-in capital 31 December 2023	Amount invested by the Bank	Place of incorporation/ registration and operations	Principal activities
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	HKD44,188 million	HKD54,738 million	Hong Kong SAR, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	HKD5,963 million	HKD5,963 million	Hong Kong SAR, the PRC	Investment banking
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	MOP589 million	MOP12,064 million	Macau SAR, the PRC	Commercial banking
PT. Bank ICBC Indonesia	98.61	98.61	IDR3,706,100 million	USD361 million	Jakarta, Indonesia	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	MYR833 million	MYR833 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.98	97.98	THB20,107 million	THB23,711 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	KZT8,933 million	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC New Zealand")	100	100	NZD234 million	NZD234 million	Auckland, New Zealand	Commercial banking
Industrial and Commercial Bank of China (Europe) S.A.	100	100	EUR437 million	EUR437 million	Luxembourg	Commercial banking
ICBC (London) PLC	100	100	USD200 million	USD200 million	London, United Kingdom	Commercial banking
ICBC Standard Bank PLC	60	60	USD1,083 million	USD839 million	London, United Kingdom	Banking
Bank ICBC (joint stock company)	100	100	RUB10,810 million	RUB10,810 million	Moscow, Russia	Commercial banking
ICBC Turkey Bank Anonim Şirketi	92.84	92.84	TRY8,845 million	USD425 million	Istanbul, Turkey	Commercial banking
ICBC Austria Bank GmbH	100	100	EUR200 million	EUR200 million	Vienna, Austria	Commercial banking
Industrial and Commercial Bank of China (USA) NA	80	80	USD369 million	USD306 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	USD50 million	USD50.25 million	Delaware and New York, United States	Broker dealer and margin trading
Industrial and Commercial Bank of China (Canada) ("ICBC Canada")	80	80	CAD208 million	CAD218.66 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China Mexico S.A.	100	100	MXN1,597 million	MXN1,597 million	Mexico City, Mexico	Commercial banking
Industrial and Commercial Bank of China (Brasil) S.A.	100	100	Real202 million	Real202 million	Sao Paulo, Brazil	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A.	100	100	ARS171,933 million	USD904 million	Buenos Aires, Argentina	Commercial banking
ICBC Peru Bank	100	100	USD120 million	USD120 million	Lima, Peru	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	RMB200 million	RMB433 million	Beijing, the PRC	Fund management
ICBC Financial Leasing Co., Ltd. * ("ICBC Leasing")	100	100	RMB18,000 million	RMB11,000 million	Tianjin, the PRC	Leasing
ICBC-AXA Assurance Co., Ltd. ("ICBC-AXA"). *	60	60	RMB12,505 million	RMB7,980 million	Shanghai, the PRC	Insurance
ICBC Financial Asset Investment Co., Ltd.* ("ICBC Investment")	100	100	RMB27,000 million	RMB27,000 million	Nanjing, the PRC	Financial asset investment
ICBC Wealth Management Co., Ltd.*	100	100	RMB16,000 million	RMB16,000 million	Beijing, the PRC	Wealth management
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	RMB200 million	RMB120 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	RMB100 million	RMB100 million	Chongqing, the PRC	Commercial banking

* These subsidiaries incorporated in Chinese mainland are all limited liability companies.

As at 31 December 2023 and 31 December 2022, voting rights of the subsidiaries of the Group are in line with the Group's equity interests.

The above table lists the principal subsidiaries of the Bank. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

There is no subsidiary of the Group which has material non-controlling interests during the reporting period.

(In RMB millions, unless otherwise stated)

26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2023	31 December 2022
Interests in associates	61,868	62,573
Interests in joint ventures	2,910	3,217
	64,778	65,790

	31 December 2023	31 December 2022
Share of net assets	50,973	51,261
Goodwill	14,324	14,894
	65,297	66,155
Less: Allowance for impairment losses	(519)	(365)
	64,778	65,790

(a) Carrying value of the Group's associates and joint ventures are as follows:

	31 December 2023	31 December 2022
Standard Bank	25,394	25,860
Other	39,384	39,930
	64,778	65,790

Standard Bank is a listed commercial bank registered in Johannesburg, the Republic of South Africa with an issued capital of ZAR168 million and a strategic partner of the Group. As at 31 December 2023, the Group's equity interest and voting rights in Standard Bank were 19.39% (31 December 2022: 19.36%).

The accounting policies of Standard Bank are consistent with those of the Group. Its financial information is significant to the Group and summarised as follows:

	As at/year ended 31 December 2023	As at/year ended 31 December 2022
The associate		
Assets	1,174,552	1,176,814
Liabilities	1,068,458	1,071,125
Net assets	106,094	105,689
Profit from continuing operations	17,129	14,235
Equity method of the associate		
Net assets of the associate attributable to the parent company	91,062	90,868
Group's effective interest	19.39%	19.36%
Group's share of net assets of the associate	17,657	17,592
Goodwill	8,085	8,616
Closing balance of the Group's interest in Standard Bank in the consolidated statement of financial position	25,742	26,208

(In RMB millions, unless otherwise stated)

(b) Movements of associates and joint ventures investments of the Group are as follows:

	Movements during the year								
	Balance at beginning of the year	Investment increase	Investment decrease	Investment income recognised under the equity method	Other comprehensive income	Declared distribution of cash dividends or profits	Other	Balance at end of the year	Balance of allowance for impairment at end of the year
Joint ventures	3,217	–	(313)	(193)	–	–	199	2,910	–
Associates									
Standard Bank	26,208	–	–	3,226	(355)	(1,778)	(1,559)	25,742	(348)
Other	36,730	1,372	(1,783)	1,989	(24)	(1,456)	(183)	36,645	(171)
Subtotal	62,938	1,372	(1,783)	5,215	(379)	(3,234)	(1,742)	62,387	(519)
Total	66,155	1,372	(2,096)	5,022	(379)	(3,234)	(1,543)	65,297	(519)

27. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2022	186,949	18,216	13,590	81,632	180,945	481,332
Additions	1,365	10,250	888	6,388	2,659	21,550
CIP transfer in/(out)	4,621	(11,154)	–	106	6,427	–
Disposals and other movements	(1,232)	(206)	(143)	(4,743)	8,422	2,098
At 31 December 2022 and 1 January 2023	191,703	17,106	14,335	83,383	198,453	504,980
Additions	509	17,954	751	6,589	3,955	29,758
CIP transfer in/(out)	5,904	(10,685)	–	136	4,645	–
Disposals and other movements	(2,413)	(155)	(106)	(6,350)	(3,280)	(12,304)
At 31 December 2023	195,703	24,220	14,980	83,758	203,773	522,434
Accumulated depreciation and allowance for impairment losses:						
At 1 January 2022	75,803	34	11,493	62,340	41,366	191,036
Depreciation charge for the year	7,034	–	903	8,039	6,710	22,686
Impairment charge for the year	–	–	–	–	3,477	3,477
Disposals and other movements	(682)	–	(37)	(4,188)	(1,199)	(6,106)
At 31 December 2022 and 1 January 2023	82,155	34	12,359	66,191	50,354	211,093
Depreciation charge for the year	7,011	–	854	8,182	6,811	22,858
Impairment charge for the year	–	–	–	–	1,297	1,297
Disposals and other movements	(1,229)	–	(93)	(6,224)	(4,146)	(11,692)
At 31 December 2023	87,937	34	13,120	68,149	54,316	223,556
Carrying amount:						
At 31 December 2022	109,548	17,072	1,976	17,192	148,099	293,887
At 31 December 2023	107,766	24,186	1,860	15,609	149,457	298,878

(In RMB millions, unless otherwise stated)

As at 31 December 2023, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate carrying amount of RMB6,421 million (31 December 2022: RMB8,372 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 31 December 2023, the carrying amount of aircraft and vessels leased out by the Group under operating leases was RMB149,457 million (31 December 2022: RMB148,099 million).

As at 31 December 2023, the carrying amount of aircraft and vessels owned by the Group that have been pledged as collateral for liabilities due to banks and other financial institutions was RMB72,257 million (31 December 2022: RMB86,163 million).

As at 31 December 2023, the carrying amount of aircraft and vessel construction in progress was RMB17,670 million (31 December 2022: RMB9,225 million).

28. DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

Deferred tax assets:

	31 December 2023		31 December 2022	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Allowance for impairment losses	450,033	111,767	401,947	99,753
Change in fair value of financial instruments measured at FVTPL	(16,762)	(4,221)	(4,560)	(1,194)
Change in fair value of financial instruments measured at FVTOCI	(35,609)	(9,222)	(8,297)	(2,449)
Accrued staff costs	46,529	11,623	43,448	10,839
Other	(21,244)	(5,278)	(23,345)	(5,832)
	422,947	104,669	409,193	101,117

Deferred tax liabilities:

	31 December 2023		31 December 2022	
	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)
Allowance for impairment losses	(109)	(38)	(219)	(196)
Change in fair value of financial instruments measured at FVTPL	7,729	1,701	8,735	1,845
Change in fair value of financial instruments measured at FVTOCI	(146)	64	2,245	710
Other	8,912	2,203	6,395	1,591
	16,386	3,930	17,156	3,950

(In RMB millions, unless otherwise stated)

(b) Movements of deferred income tax

Deferred tax assets:

	1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2023
Allowance for impairment losses	99,753	12,014	–	111,767
Change in fair value of financial instruments measured at FVTPL	(1,194)	(3,027)	–	(4,221)
Change in fair value of financial instruments measured at FVTOCI	(2,449)	–	(6,773)	(9,222)
Accrued staff costs	10,839	784	–	11,623
Other	(5,832)	(942)	1,496	(5,278)
	101,117	8,829	(5,277)	104,669

Deferred tax liabilities:

	1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2023
Allowance for impairment losses	(196)	158	–	(38)
Change in fair value of financial instruments measured at FVTPL	1,845	(144)	–	1,701
Change in fair value of financial instruments measured at FVTOCI	710	–	(646)	64
Other	1,591	612	–	2,203
	3,950	626	(646)	3,930

Deferred tax assets:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2022
Allowance for impairment losses	81,662	18,091	–	99,753
Change in fair value of financial instruments measured at FVTPL	(3,455)	2,261	–	(1,194)
Change in fair value of financial instruments measured at FVTOCI	(5,635)	–	3,186	(2,449)
Accrued staff costs	8,684	2,155	–	10,839
Other	(1,997)	(3,851)	16	(5,832)
	79,259	18,656	3,202	101,117

(In RMB millions, unless otherwise stated)

Deferred tax liabilities:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2022
Allowance for impairment losses	(268)	72	–	(196)
Change in fair value of financial instruments measured at FVTPL	3,841	(1,996)	–	1,845
Change in fair value of financial instruments measured at FVTOCI	1,346	–	(636)	710
Other	562	1,556	(527)	1,591
	5,481	(368)	(1,163)	3,950

As at 31 December 2023 and 31 December 2022, the Group did not have significant unrecognised deferred tax assets.

29. OTHER ASSETS

		31 December 2023	31 December 2022
Settlement and clearing balances		213,951	155,789
Precious metals		140,230	125,717
Right-of-use assets	(a)	28,538	33,653
Land use rights		14,438	14,935
Goodwill	(b)	9,357	9,181
Advance payments		7,034	6,056
Repossessed assets	(c)	6,502	6,204
Interest receivable		3,425	2,941
Other		121,963	110,285
		545,438	464,761
Less: Allowance for impairment losses		(11,891)	(12,538)
		533,547	452,223

(In RMB millions, unless otherwise stated)

(a) Right-of-use assets

	Properties and buildings	Aircraft and vessels	Office equipment and motor vehicles	Total
Cost:				
At 1 January 2022	34,264	16,109	357	50,730
Additions	6,632	–	68	6,700
Disposals and other movements	(3,059)	4,309	(30)	1,220
At 31 December 2022 and 1 January 2023	37,837	20,418	395	58,650
Additions	6,231	1,106	162	7,499
Disposals and other movements	(4,877)	(6,873)	1,051	(10,699)
At 31 December 2023	39,191	14,651	1,608	55,450
Accumulated depreciation:				
At 1 January 2022	16,524	2,075	218	18,817
Depreciation charge for the year	6,892	624	117	7,633
Disposals and other movements	(2,260)	817	(10)	(1,453)
At 31 December 2022 and 1 January 2023	21,156	3,516	325	24,997
Depreciation charge for the year	6,730	689	95	7,514
Disposals and other movements	(4,321)	(1,414)	136	(5,599)
At 31 December 2023	23,565	2,791	556	26,912
Allowance for impairment losses:				
At 1 January 2022	32	219	–	251
Other movements	3	636	–	639
At 31 December 2022 and 1 January 2023	35	855	–	890
Other movements	1	(325)	–	(324)
At 31 December 2023	36	530	–	566
Carrying amount:				
At 31 December 2022	16,646	16,047	70	32,763
At 31 December 2023	15,590	11,330	1,052	27,972

(b) Goodwill

	2023	2022
At 1 January	9,181	8,518
Exchange difference	176	663
Subtotal	9,357	9,181
Less: Allowance for impairment losses	(390)	(382)
	8,967	8,799

The goodwill is attributable to the expected synergies arising from acquisition of several subsidiaries such as ICBC Asia and ICBC Macau in prior year.

Goodwill arising from business combinations has been reasonably allocated to the CGU, which is not larger than the reportable segment of the Group, for impairment testing.

The recoverable amount of the CGU is determined based on the discounted future cash flows of the CGU. The cash flow projections are based on financial forecasts approved by management of the subsidiaries. The average growth rates are projected based on the similar rates which do not exceed the long-term average growth rate for the business in which the CGU operates in. The discount rate is the before-tax rate and reflects the specific risk associated with the CGU.

(In RMB millions, unless otherwise stated)

(c) Repossessed assets

	2023	2022
Properties and buildings	5,878	5,817
Other	624	387
Subtotal	6,502	6,204
Less: Allowance for impairment losses	(3,116)	(2,799)
	3,386	3,405

30. IMPAIRMENT ALLOWANCE

	At 1 January 2023	Charge or reverse for the year	Write-offs and transfer out	Recoveries of previous write-offs	Other	At 31 December 2023
Due from banks and other financial institutions	1,500	2,040	–	–	20	3,560
Reverse repurchase agreements	475	(387)	–	–	9	97
Loans and advances to customers	672,762	143,422	(72,991)	14,915	(1,717)	756,391
Financial investments	40,665	7,957	(563)	–	228	48,287
Investments in associates and joint ventures	365	154	–	–	–	519
Property and equipment	13,685	1,297	(3,619)	–	159	11,522
Credit commitments	27,640	(3,585)	–	–	130	24,185
Other	40,159	(82)	(1,298)	226	686	39,691
Total	797,251	150,816	(78,471)	15,141	(485)	884,252

(In RMB millions, unless otherwise stated)

	At 1 January 2022	Charge for the year	Write-offs and transfer out	Recoveries of previous write-offs	Other	At 31 December 2022
Due from banks and other financial institutions	1,126	324	–	–	50	1,500
Reverse repurchase agreements	128	338	–	–	9	475
Loans and advances to customers	603,983	143,173	(85,157)	9,529	1,234	672,762
Financial investments	10,834	29,647	(23)	–	207	40,665
Investments in associates and joint ventures	365	–	–	–	–	365
Property and equipment	10,991	3,477	(1,121)	–	338	13,685
Credit commitments	24,449	2,807	–	–	384	27,640
Other	37,706	2,911	(1,555)	87	1,010	40,159
Total	689,582	182,677	(87,856)	9,616	3,232	797,251

31. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2023	31 December 2022
Deposits:		
Banks and other financial institutions operating in Chinese mainland	2,698,821	2,524,293
Banks and other financial institutions operating outside Chinese mainland	138,308	137,552
Accrued interest	4,256	3,056
	2,841,385	2,664,901
Money market takings:		
Banks and other financial institutions operating in Chinese mainland	228,733	213,002
Banks and other financial institutions operating outside Chinese mainland	288,883	303,008
Accrued interest	10,857	6,801
	528,473	522,811
	3,369,858	3,187,712

(In RMB millions, unless otherwise stated)

32. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2022
Financial liabilities related to precious metals and account-based investment products (i)	51,843	55,549
Debt securities issued (i)	5,647	5,218
Other	5,369	3,520
	62,859	64,287

(i) Financial liabilities related to precious metals and account-based investment products, and certain issued debt securities have been matched with precious metals or derivatives of the Group as part of a documented risk management strategy to mitigate market risk. An accounting mismatch would arise if these financial liabilities were accounted for at amortised cost, whereas the related precious metals or derivatives were measured at fair value with movements in fair value taken through the statement of profit or loss. By designating these financial liabilities at FVTPL, the movement in their fair values is recorded in the statement of profit or loss. As at 31 December 2023 and 31 December 2022, the difference between the fair values of the financial liabilities related to precious metals, account-based investment products and issued debt securities and the amounts that the Group would be contractually required to pay to the holders of the financial liabilities related to precious metals, account-based investment products and issued debt securities upon maturity was not significant.

In 2023 and 2022, there were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in the credit risk and the accumulated amounts as at the end of the respective years were not significant. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

33. REPURCHASE AGREEMENTS

	31 December 2023	31 December 2022
Measured at amortised cost:		
Repurchase agreements-bills	11,738	6,430
Repurchase agreements-securities	968,339	419,464
Accrued interest	9,855	6,454
Subtotal	989,932	432,348
Measured at FVTPL:		
Repurchase agreements-securities and cash received as collateral on securities lending	28,174	142,430
Total	1,018,106	574,778

34. CERTIFICATES OF DEPOSIT

Certificates of deposit issued by certain of the Bank's overseas branches and subsidiaries are measured at amortised cost.

(In RMB millions, unless otherwise stated)

35. DUE TO CUSTOMERS

	31 December 2023	31 December 2022
Demand deposits:		
Corporate customers	7,366,691	8,076,256
Personal customers	6,083,841	5,991,387
	13,450,532	14,067,643
Time deposits:		
Corporate customers	8,843,237	6,594,898
Personal customers	10,481,727	8,553,919
	19,324,964	15,148,817
Other	210,185	199,465
Accrued interest	535,493	454,566
	33,521,174	29,870,491

As at 31 December 2023, the Group's pledged deposits included in above amounted to RMB171,113 million (31 December 2022: RMB201,787 million).

36. DEBT SECURITIES ISSUED

		31 December 2023	31 December 2022
Subordinated bonds and tier 2 capital bonds	(a)		
Issued by the Bank		682,184	571,848
Issued by subsidiaries		9,543	9,417
Accrued interest		12,402	10,365
		704,129	591,630
Other debt securities	(b)		
Issued by the Bank		554,931	203,876
Issued by subsidiaries		108,393	108,698
Accrued interest		2,324	1,749
		665,648	314,323
		1,369,777	905,953

As at 31 December 2023, the amount of debt securities issued that were due within one year was RMB476,234 million (31 December 2022: RMB122,602 million).

In 2023, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the bonds (2022: Nil).

(a) Subordinated bonds and tier 2 capital bonds issued

The Bank:

As approved by the PBOC and the former CBIRC, the Bank issued callable subordinated bonds and tier 2 capital bonds in the National Interbank Bond Market through open market bidding. These subordinated bonds and tier 2 capital bonds were traded on the National Interbank Bond Market. The relevant information is set out below:

Name	Issue date	Issue price (In RMB)	Issued and nominal amount (In RMB million)	Coupon rate	Value date	Maturity date	Circulation date
11 ICBC 01	29/06/2011	100 Yuan	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011
19 ICBC 01 Tier 2 Bond	21/03/2019	100 Yuan	45,000	4.26%	25/03/2019	25/03/2029	26/03/2019
19 ICBC 02 Tier 2 Bond	21/03/2019	100 Yuan	10,000	4.51%	25/03/2019	25/03/2034	26/03/2019
19 ICBC 03 Tier 2 Bond	24/04/2019	100 Yuan	45,000	4.40%	26/04/2019	26/04/2029	28/04/2019
19 ICBC 04 Tier 2 Bond	24/04/2019	100 Yuan	10,000	4.69%	26/04/2019	26/04/2034	28/04/2019
20 ICBC 01 Tier 2 Bond	22/09/2020	100 Yuan	60,000	4.20%	24/09/2020	24/09/2030	25/09/2020
20 ICBC 02 Tier 2 Bond	12/11/2020	100 Yuan	30,000	4.15%	16/11/2020	16/11/2030	17/11/2020
20 ICBC 03 Tier 2 Bond	12/11/2020	100 Yuan	10,000	4.45%	16/11/2020	16/11/2035	17/11/2020
21 ICBC 01 Tier 2 Bond	19/01/2021	100 Yuan	30,000	4.15%	21/01/2021	21/01/2031	22/01/2021
21 ICBC 02 Tier 2 Bond	13/12/2021	100 Yuan	50,000	3.48%	15/12/2021	15/12/2031	16/12/2021
21 ICBC 03 Tier 2 Bond	13/12/2021	100 Yuan	10,000	3.74%	15/12/2021	15/12/2036	16/12/2021
22 ICBC 01 Tier 2 Bond	18/01/2022	100 Yuan	35,000	3.28%	20/01/2022	20/01/2032	21/01/2022
22 ICBC 02 Tier 2 Bond	18/01/2022	100 Yuan	5,000	3.60%	20/01/2022	20/01/2037	21/01/2022
22 ICBC 03 Tier 2 Bond	12/04/2022	100 Yuan	45,000	3.50%	14/04/2022	14/04/2032	15/04/2022
22 ICBC 04 Tier 2 Bond	12/04/2022	100 Yuan	5,000	3.74%	14/04/2022	14/04/2037	15/04/2022
22 ICBC 03A Tier-2 Capital Bonds	18/08/2022	100 Yuan	30,000	3.02%	22/08/2022	22/08/2032	23/08/2022
22 ICBC 03B Tier-2 Capital Bonds	18/08/2022	100 Yuan	10,000	3.32%	22/08/2022	22/08/2037	23/08/2022
22 ICBC 04A Tier-2 Capital Bonds	08/11/2022	100 Yuan	50,000	3.00%	10/11/2022	10/11/2032	11/11/2022
22 ICBC 04B Tier-2 Capital Bonds	08/11/2022	100 Yuan	10,000	3.34%	10/11/2022	10/11/2037	11/11/2022
22 ICBC 05A Tier-2 Capital Bonds	20/12/2022	100 Yuan	25,000	3.70%	22/12/2022	22/12/2032	23/12/2022
22 ICBC 05B Tier-2 Capital Bonds	20/12/2022	100 Yuan	5,000	3.85%	22/12/2022	22/12/2037	23/12/2022
23 ICBC 01A Tier-2 Capital Bonds	10/04/2023	100 Yuan	35,000	3.49%	12/04/2023	12/04/2033	13/04/2023
23 ICBC 01B Tier-2 Capital Bonds	10/04/2023	100 Yuan	20,000	3.58%	12/04/2023	12/04/2038	13/04/2023
23 ICBC 02A Tier-2 Capital Bonds	28/08/2023	100 Yuan	30,000	3.07%	30/08/2023	30/08/2033	31/08/2023
23 ICBC 02B Tier-2 Capital Bonds	28/08/2023	100 Yuan	25,000	3.18%	30/08/2023	30/08/2038	31/08/2023

The Bank has the option to redeem these bonds in whole or in part on specific dates at par value in future upon the approval of the relevant regulatory authorities.

In 2015, the Bank issued tier 2 capital bonds denominated in USD. The bonds were approved for listing and dealing by The Stock Exchange of Hong Kong Limited. The relevant information is set out below:

Name	Issue date	Currency	Issued price (In original currency)	Issued amount (In original currency)	Ending balance (In RMB)	Coupon rate	Value date	Maturity date	Circulation date
				(million)	(million)				
15 USD Tier 2 capital bonds	21/09/2015	USD	99.189	2,000	14,200	4.875%	21/09/2015	21/09/2025	22/09/2015

The bonds cannot be redeemed before maturity.

Subsidiaries:

On 23 March 2018, ICBC Thai issued a tier 2 capital bond with an aggregate nominal amount of THB5,000 million, bearing a fixed interest rate of 3.5%. The bond will mature on 23 September 2028.

On 12 September 2019, ICBC Macau issued a tier 2 capital bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 2.875%. The bond will mature on 12 September 2029.

On 15 March 2022, ICBC-AXA issued a capital supplementary bond with an aggregate nominal amount of RMB5,000 million, bearing an initial fixed interest rate of 3.7%. The bond will mature on 17 March 2032. The issuer has an option to redeem the capital supplementary bond in whole or in part at par value at the end of the fifth interest-bearing year. If the issuer does not exercise the redemption option, the coupon rate would increase to 4.7% from the sixth interest-bearing year.

The above tier 2 capital bonds are separately traded on the Thai Bond Market Association, The Stock Exchange of Hong Kong Limited and the National Interbank Bond Market.

(b) Other debt securities issued

The Bank:

(i) Head Office issued debt securities or interbank certificates of deposit, denominated in RMB at fixed interest rates amounting to RMB422,984 million in total with maturities between 2024 and 2026. The coupon rates range from 0% to 2.80%.

(ii) Sydney Branch issued debt securities, notes, and interbank certificates of deposit denominated in AUD, RMB, HKD and USD at fixed or floating interest rates amounting to an equivalent of RMB6,749 million in total with maturities between 2024 and 2027. The coupon rates range from 0% to 7.00%.

(iii) Singapore Branch issued debt securities and notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB32,657 million in total with maturities between 2024 and 2026. The coupon rates range from 1.00% to 6.47%.

(iv) New York Branch issued debt securities and notes denominated in USD at fixed interest rates amounting to an equivalent of RMB10,706 million in total with maturities between 2024 and 2027. The coupon rates range from 0% to 3.54%.

(v) Luxembourg Branch issued notes denominated in USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB11,956 million in total with maturities between 2024 and 2026. The coupon rates range from 0.13% to 6.50%.

(vi) Dubai (DIFC) Branch issued notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB16,511 million in total with maturities between 2024 and 2026. The coupon rates range from 1.48% to 6.40%.

(vii) Hong Kong Branch issued notes denominated in USD and HKD at fixed or floating interest rates amounting to an equivalent of RMB40,151 million in total with maturities between 2024 and 2026. The coupon rates range from 1.20% to 6.39%.

(viii) London Branch issued notes denominated in GBP, USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB9,676 million in total with maturities between 2025 and 2026. The coupon rates range from 1.63% to 6.04%.

(ix) Macau Branch issued debt securities and notes denominated in USD and MOP at fixed or floating interest rates amounting to an equivalent of RMB3,541 million in total that will mature in 2024. The coupon rates range from 4.70% to 6.15%.

(In RMB millions, unless otherwise stated)

Subsidiaries:

(i) ICBC Asia issued debt securities and interbank certificates of deposit denominated in RMB and USD at fixed interest rates amounting to an equivalent of RMB7,722 million in total with maturities between 2024 and 2026. The coupon rates range from 3.15% to 5.60%.

(ii) ICBC Leasing issued debt securities and notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB61,855 million in total with maturities between 2024 and 2031. The coupon rates range from 1.25% to 6.68%.

(iii) ICBC Thai issued debt securities denominated in THB at fixed interest rates amounting to an equivalent of RMB7,237 million in total with maturities between 2024 and 2027. The coupon rates range from 0% to 3.70%.

(iv) ICBC International issued notes denominated in RMB and USD at fixed interest rates amounting to an equivalent of RMB9,707 million in total with maturities between 2024 and 2025. The coupon rates range from 1.10% to 3.70%.

(v) ICBC New Zealand issued notes denominated in NZD at fixed or floating interest rates amounting to an equivalent of RMB2,701 million in total with maturities between 2024 and 2026. The coupon rates range from 2.61% to 6.78%.

(vi) ICBC Investment issued debt securities denominated in RMB at fixed interest rates amounting to RMB14,000 million in total with maturities between 2024 and 2025. The coupon rates range from 2.20% to 3.70%.

(vii) ICBC Canada issued interbank certificates of deposit denominated in CAD at fixed interest rates amounting to RMB183 million in total that will mature in 2024. The coupon rate is 0%.

(viii) ICBC Macau issued debt securities denominated in RMB at fixed interest rates amounting to RMB4,988 million in total with maturities between 2024 and 2026. The coupon rates range from 2.58% to 3.09%.

37. OTHER LIABILITIES

		31 December 2023	31 December 2022
Settlement and clearing balances		296,443	279,634
Insurance business liabilities		277,321	251,811
Salaries, bonuses, allowances and subsidies payables	(a)	44,768	41,282
Provisions for credit commitments	(b)	24,185	27,640
Lease liabilities	(c)	24,849	28,629
Sundry tax payables		15,941	16,493
Promissory notes		1,716	756
Early retirement benefits		12	19
Other		133,407	138,128
		818,642	784,392

(a) There were no overdue payment for staff salaries, bonuses, allowances and subsidies payable as at 31 December 2023 (31 December 2022: Nil).

(b) Provisions for credit commitments

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	20,783	6,611	246	27,640
Transfer:				
– to stage 1	341	(341)	–	–
– to stage 2	(301)	301	–	–
– to stage 3	(71)	(113)	184	–
(Reverse)/charge for the year	(2,953)	(855)	223	(3,585)
Other movements	98	31	1	130
Balance at 31 December 2023	17,897	5,634	654	24,185

(In RMB millions, unless otherwise stated)

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	19,881	3,581	987	24,449
Transfer:				
– to stage 1	123	(123)	–	–
– to stage 2	(219)	249	(30)	–
– to stage 3	(2)	(12)	14	–
Charge/(reverse) for the year	687	2,860	(740)	2,807
Other movements	313	56	15	384
Balance at 31 December 2022	20,783	6,611	246	27,640

(c) Lease liabilities

	31 December 2023	31 December 2022
Less than one year	8,073	8,923
One to two years	6,109	6,473
Two to three years	4,689	4,572
Three to five years	5,441	5,704
More than five years	3,023	4,625
Undiscounted lease liabilities	27,335	30,297
Closing balance of lease liabilities	24,849	28,629

38. SHARE CAPITAL

	31 December 2023		31 December 2022	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each	269,612	269,612	269,612	269,612
	356,407	356,407	356,407	356,407

Except for the dividends of H shares which are payable in Hong Kong dollars, all of the ordinary A shares and H shares rank pari passu with each other in respect of dividends on ordinary shares.

39. OTHER EQUITY INSTRUMENTS

(1) Preference shares

(a) Preference shares ("Preference Shares") outstanding:

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore Preference Shares:										
USD	23/09/2020	Equity	3.58%	USD20/Share	145	2,900	19,716	None	Mandatory	No
Domestic Preference Shares:										
RMB2015	18/11/2015	Equity	4.58%	RMB100/Share	450	45,000	45,000	None	Mandatory	No
RMB2019	19/09/2019	Equity	4.20%	RMB100/Share	700	70,000	70,000	None	Mandatory	No
Total							134,716			

(b) Main clauses and basic information

(i) Dividend

Offshore and domestic dividends are paid annually.

Offshore and domestic dividends are set at a fixed rate for 5 years after issuance and are reset every 5 years thereafter to the sum of the benchmark rate and the fixed spread. The fixed spread is equal to the spread between the initial offshore and domestic dividend rate and the benchmark rate at the time of issuance. The fixed spread remains unchanged throughout the term of the Preference Shares.

(ii) Conditions to distribution of dividends

The Bank can pay offshore and domestic dividends when it has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratios meet regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders in respect of the right to dividends. The order of payment of domestic dividends is equal to offshore dividends. The Bank may elect to cancel all or part of offshore and domestic dividends and this shall not constitute a default for any purpose, but such cancellation will require a shareholder's resolution to be passed.

(iii) Dividend stopper and setting mechanism

For Offshore and Domestic Preference Shares, if the Bank cancels all or part of the dividends to the Preference Shares, the Bank shall not make any dividend distribution to ordinary shareholders before the Bank pays the dividends to the preference shareholders in full for the current dividend period.

Non-cumulative dividend is a dividend on Offshore and Domestic Preference Shares which does not cumulate upon omission of payment and the passed or omitted dividend of one year is not carried to the following year. After receiving a dividend at the agreed dividend rate, preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders.

The Bank shall distribute dividends for Offshore and Domestic Preference Shares in cash, based on the liquidation preference amount for the issued and outstanding Offshore Preference Shares or total amount of issued and outstanding Domestic Preference Shares during the corresponding period (i.e. the product of the issue price of Preference Shares and the number of the issued and outstanding preference shares).

(iv) Order of distribution and liquidation method

The offshore preference shareholders and domestic preference shareholders will rank equally for payment. The preference shareholders will be subordinated to the depositors, general creditors and holders of convertible bonds, holders of subordinated debts, holders of tier 2 capital bonds and holders of other tier 2 capital instruments of the Bank but will be senior to the ordinary shareholders of the Bank.

(v) Mandatory conversion trigger events

For Offshore Preference Shares, upon the occurrence of any Non-Viability Trigger Event, the Bank shall have the right to irrevocably and compulsorily convert all or part of the outstanding Offshore Preference Shares into H shares, under the consent of the National Financial Regulatory Administration (hereinafter referred to as the "NFRA") but without the need for the consent of the offshore preference shareholders or the ordinary shareholders. If the Offshore Preference Shares were converted into H shares, they cannot be converted to Preference Shares again under any circumstances.

For Domestic Preference Shares, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all or part of the outstanding face value of Domestic Preference Shares into A shares, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. If Domestic Preference Shares were converted into A shares, they cannot be converted to Preference Shares again under any circumstances. Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all the outstanding face value of Domestic Preference Shares into A shares. If Domestic Preference Shares were converted into A share, they cannot be converted to Preference Shares again under any circumstances.

The initial mandatory conversion prices are HKD5.73 per H share for Offshore Preference Shares; RMB3.44 for Domestic 2015 Preference Shares and RMB5.43 for Domestic 2019 Preference Shares. In case of stock dividends distribution of H or A shares of the Bank or other circumstances, the Bank will make cumulative adjustment to the compulsory conversion price in turn.

(vi) Redemption conditions

Subject to obtaining the approval of the NFRA and satisfying the conditions of redemption, the Bank has the right to redeem all or part of the Offshore Preference Shares at the first call date and any subsequent dividend payment date. Redemption price of Offshore Preference Shares is equal to liquidation preference price plus any declared but unpaid dividend in current period. The first redemption date of Offshore Preference Shares is five years after issuance.

Under the premise of obtaining the approval of the NFRA and compliance with relevant requirements, the Bank has the right to redeem all or part of Domestic Preference Shares, after five years having elapsed since the date of issuance/the date of closing. The redemption period of Domestic Preference Shares is from the start date of redemption to the date of full redemption or conversion. Redemption price of Domestic Preference Shares is equal to book value plus any declared but unpaid dividend in current period.

(c) Changes in preference shares outstanding

	1 January 2023			Movement during the year			31 December 2023		
Financial instrument outstanding	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)
Offshore Preference Shares:									
USD	145	2,900	19,716	–	–	–	145	2,900	19,716
Domestic Preference Shares:									
RMB2015	450	45,000	45,000	–	–	–	450	45,000	45,000
RMB2019	700	70,000	70,000	–	–	–	700	70,000	70,000
Total			134,716			–			134,716

The carrying amount of preference shares issued by the Bank, net of related issuance fees, was RMB134,614 million as at 31 December 2023 (31 December 2022: RMB134,614 million).

(2) Perpetual bond

(a) Perpetual bond outstanding

Financial instrument outstanding	Issue date	Accounting classification	Initial interest rate	Issue price	Amount (million units)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore										
USD Perpetual bond	24/09/2021	Equity	3.20%	Note (i)	N/A	6,160	39,793	None	None	No
Domestic										
RMB2019 Perpetual bond	26/07/2019	Equity	4.45%	RMB100/Unit	800	80,000	80,000	None	None	No
RMB2021 Perpetual bond Series 1	04/06/2021	Equity	4.04%	RMB100/Unit	700	70,000	70,000	None	None	No
RMB2021 Perpetual bond Series 2	24/11/2021	Equity	3.65%	RMB100/Unit	300	30,000	30,000	None	None	No
Total							219,793			

(i) Offshore USD Perpetual Bond was issued in specific denomination of USD200,000 and integral multiples of USD1,000 in excess thereof at an issue price of 100%.

(b) Main clauses and basic information

With the approvals of relevant regulatory authorities, the Bank issued RMB80,000 million, RMB70,000 million and RMB30,000 million of undated capital bonds on 26 July 2019, 4 June 2021 and 24 November 2021 (hereinafter referred to as "2019 Domestic Perpetual Bond", "2021 Domestic Perpetual Bond Series 1" and "2021 Domestic Perpetual Bond Series 2" respectively, collectively Domestic Perpetual Bonds) in the National Interbank Bond Market.

The Bank issued USD6,160 million of undated capital bonds (hereinafter referred to as "Offshore Perpetual Bond") on The Stock Exchange of Hong Kong Limited on 24 September 2021.

The funds raised by the Bank from the bonds were used to supplement additional tier 1 capital of the Bank in accordance with the relevant laws and approvals by regulatory authorities.

(i) Interest

Each Domestic Perpetual Bond has a par value of RMB100, and the interest rate of the bonds for the first five years are 4.45% for 2019 Domestic Perpetual Bond, 4.04% for 2021 Domestic Perpetual Bond Series 1, and 3.65% for 2021 Domestic Perpetual Bond Series 2, resetting every 5 years. The rates are determined by a benchmark rate plus a fixed spread. The initial fixed spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period. The interest of Domestic Perpetual Bonds shall be paid annually.

The interest rate of Offshore Perpetual Bond for the first five years is 3.20%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread, and the fixed spread will remain unchanged during the duration period. The dividend shall be paid semi-annually.

(ii) Interest stopper and setting mechanism

The interest payment for both the Domestic Perpetual Bonds and Offshore Perpetual Bond is non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions on the interest payment and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment.

(iii) Order of distribution and liquidation method

The claims in respect of Domestic Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to Domestic Perpetual Bonds, and will rank in priority to all classes of shares held by shareholders of the Bank. The claims in respect of Offshore Perpetual Bond will be subordinated to claims of depositors, general creditors, tier 2 capital bond holders and subordinated indebtedness that rank senior to the Offshore Perpetual Bond, and will rank in priority to all classes of shares held by shareholders of the Bank. Domestic Perpetual Bonds and Offshore Perpetual Bond will rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

(iv) Write down conditions

For 2019 Domestic Perpetual Bond, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank has the right to write down all or part of the total nominal amount of the outstanding 2019 Domestic Perpetual Bond with the consent of the NFRA but without the need for the consent of the bond holders, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. Upon the occurrence of a Tier 2 Capital Trigger Event, without the need for the consent of the bond holders, the Bank has the right to write down all the total nominal amount of the outstanding 2019 Domestic Perpetual Bond.

For 2021 Domestic Perpetual Bond Series 1 and 2021 Domestic Perpetual Bond Series 2, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the nominal amount of the outstanding perpetual bonds without the need for the consent of the bond holders.

For Offshore Perpetual Bond, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the perpetual bonds issued and outstanding at that time up to the total nominal value without the need for the consent of the bond holders.

(v) Redemption conditions

The duration of the Domestic Perpetual Bonds and Offshore Perpetual Bond is the same as the continuing operation of the Bank. Five years after the issuance date of the Domestic Perpetual Bonds and Offshore Perpetual Bond, the Bank shall have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the perpetual bonds are not classified as additional tier 1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Domestic Perpetual Bonds and Offshore Perpetual Bond fully instead of partly.

(c) Changes in perpetual bond outstanding

	1 January 2023			Movement during the year			31 December 2023		
Financial instrument outstanding	Amount (million units)	In original currency (million)	In RMB (million)	Amount (million units)	In original currency (million)	In RMB (million)	Amount (million units)	In original currency (million)	In RMB (million)
Offshore									
USD Perpetual bond	N/A	6,160	39,793	–	–	–	N/A	6,160	39,793
Domestic									
RMB2019 Perpetual bond	800	80,000	80,000	–	–	–	800	80,000	80,000
RMB2021 Perpetual bond Series 1	700	70,000	70,000	–	–	–	700	70,000	70,000
RMB2021 Perpetual bond Series 2	300	30,000	30,000	–	–	–	300	30,000	30,000
Total			219,793			–			219,793

The carrying amount of perpetual bonds issued by the Bank, net of related issuance fees, was RMB219,717 million as at 31 December 2023 (31 December 2022: RMB219,717 million).

(3) Interests attributable to equity instruments' holders

Items		31 December 2023	31 December 2022
1.	Total equity attributable to equity holders of the parent company	3,756,887	3,496,109
	(1) Equity attributable to ordinary shareholders of the parent company	3,402,556	3,141,778
	(2) Equity attributable to other equity instrument holders of the parent company	354,331	354,331
2.	Total equity attributable to non-controlling interests	19,701	19,310
	(1) Equity attributable to ordinary shareholders of non-controlling interests	19,701	19,310
	(2) Equity attributable to other equity instrument holders of non-controlling interests	–	–

40. RESERVES

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

The Bank is required to appropriate 10% of its profit for the year, as determined under the Accounting Standards for Business Enterprises and other relevant requirements ("PRC GAAP"), pursuant to the Company Law of the PRC and the Articles of the Bank to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

Pursuant to the resolution of the board of directors' meeting held on 27 March 2024, the total appropriation to surplus reserve of the Bank was RMB34,981 million (2022: RMB34,411 million), among which an appropriation of 10% of the profit of the Bank for the year determined under the PRC GAAP to the statutory surplus reserve, in the amount of RMB34,869 million (2022: RMB34,343 million) was approved and a total surplus reserve appropriated by overseas branches was RMB112 million (2022: RMB68 million) pursuant to the requirements of local authorities.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under the PRC GAAP to the discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval of the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

(iii) Other surplus reserves

The Bank's overseas entities appropriate their profits to other surplus reserves or statutory reserve in accordance with the relevant laws and regulations promulgated by the local regulatory bodies.

(c) General reserve

In accordance with the "Administrative Measures for the Provision of Reserves of Financial Enterprises" (Cai Jin [2012] No. 20) issued by the MOF, the Bank maintains a general reserve within equity, through the appropriation of profit for the year, which should not be less than 1.5% of the year-end balance of its risk assets, to partially cover unidentified possible losses.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

Pursuant to the resolution of the board of directors' meeting held on 27 March 2024, the total appropriation to general reserve of the Bank was RMB64,264 million (2022: RMB53,571 million). The general reserve balance of the Bank as at 31 December 2023 amounted to RMB544,549 million, which reached 1.5% of the year-end balance of the Bank's risk assets.

(d) Investment revaluation reserve

The investment revaluation reserve records the fair value changes and impairment provision of financial investments measured at FVTOCI.

(In RMB millions, unless otherwise stated)

(e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries and branches incorporated outside Chinese mainland.

(f) Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the gains or losses on the hedging instruments.

(g) Other reserves

Other reserves represent reserves other than the items listed above, including other comprehensive income recognised under the equity method.

(h) Distributable profits

The Bank's distributable profit is based on its retained profits as determined under PRC GAAP and IFRSs, whichever is lower. The amount that the Bank's subsidiaries can legally distribute is determined by referring to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

41. OTHER COMPREHENSIVE INCOME

(a) Other comprehensive income attributable to equity holders of the parent company in the consolidated statement of financial position

	Investment revaluation reserve	Foreign currency translation reserve	Other	Total
1 January 2022	26,087	(39,930)	(6,960)	(20,803)
Movement during the year	(23,744)	22,689	(1,898)	(2,953)
31 December 2022 and 1 January 2023	2,343	(17,241)	(8,858)	(23,756)
Movement during the year	21,704	1,633	(3,659)	19,678
31 December 2023	24,047	(15,608)	(12,517)	(4,078)

(In RMB millions, unless otherwise stated)

(b) Other comprehensive income in the consolidated statement of profit or loss and other comprehensive income

	2023	2022
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	1,748	(2,106)
Less: Income tax effect	(218)	(821)
	1,530	(2,927)
(ii) Other comprehensive income recognised under the equity method	(7)	(25)
(iii) Other	(28)	13
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	30,515	(27,483)
Less: Amount transferred to profit or loss from other comprehensive income	(3,593)	(2,853)
Less: Income tax effect	(5,818)	6,116
	21,104	(24,220)
(ii) Credit losses of debt instruments measured at FVTOCI	98	5,790
Less: Income tax effect	107	(1,960)
	205	3,830
(iii) Cash flow hedging reserve:		
Gain during the year	126	1,268
Less: Income tax effect	(9)	16
	117	1,284
(iv) Other comprehensive income recognised under the equity method	(372)	(224)
(v) Foreign currency translation reserve	1,823	21,276
(vi) Other	(5,145)	(3,557)
	19,227	(4,550)

42. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	66,699	66,340
Balances with central banks other than restricted deposits	952,050	516,558
Deposits with banks and other financial institutions with original maturity of three months or less	331,464	228,987
Placements with banks and other financial institutions with original maturity of three months or less	272,302	365,112
Reverse repurchase agreements with original maturity of three months or less	1,133,217	749,854
	2,755,732	1,926,851

(In RMB millions, unless otherwise stated)

43. INTERESTS IN STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include investment funds, asset management plans and asset-backed securities, and trust plans and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issuance of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	31 December 2023		31 December 2022	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	38,421	38,421	43,128	43,128
Asset management plans and asset-backed securities	85,277	85,277	79,065	79,065
Trust plans	35,859	35,859	16,981	16,981
	159,557	159,557	139,174	139,174

The maximum loss exposures in the above investment funds, asset management plans and asset-backed securities, and trust plans are the carrying amounts which are measured at amortised cost, or the fair value of the investments held by the Group as at the reporting date.

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets were recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	31 December 2023		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	38,421	–	–
Asset management plans and asset-backed securities	30,606	26,829	27,842
Trust plans	15,511	19,576	772
	84,538	46,405	28,614

	31 December 2022		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	43,128	–	–
Asset management plans and asset-backed securities	32,987	8,769	37,309
Trust plans	15,196	–	1,785
	91,311	8,769	39,094

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest held by the Group includes investments in the products issued by these unconsolidated structured entities and fees charged for providing management services. As at 31 December 2023 and 31 December 2022, the carrying amounts of the investments in the products issued by these structured entities and fee receivables being recognised were not significant in the consolidated financial statements. Management fee income earned by the Group was included in fee and commission income of personal wealth management and private banking services and corporate wealth management services set out in Note 7.

As at 31 December 2023, the balance of the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB1,857,056 million (31 December 2022: RMB2,143,978 million) and RMB1,756,215 million (31 December 2022: RMB1,713,743 million) respectively.

In 2023, the amount of the average exposure of financing transactions through placements and reverse repurchase agreements from the Group with non-principal-guaranteed wealth management products sponsored by the Group was RMB386 million (2022: RMB21,631 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

(c) Consolidated structured entities

The consolidated structured entities of the Group are primarily the principal-guaranteed wealth management products, certain investment funds, asset-backed securities and asset management plans issued or initiated and invested by the Group or purchased due to regulatory requirements related to wealth management business. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's variable returns.

44. TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the ordinary course of business by which it transfers recognised financial assets to third parties or special purpose entities. In some cases, these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets in the statement of financial position.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group but has an obligation to return the securities at the maturity of the contract. For securities lent out, if the securities increase or decrease in value, the Group may in certain circumstances require additional cash collateral from counterparties or return part of the cash collateral to counterparties. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

Securitisation transactions

The Group transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may acquire some asset-backed securities at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the consolidated statement of financial position to the extent of the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. As at 31 December 2023, loans with an original carrying amount of RMB627,857 million at the time of transfer (31 December 2022: RMB627,857 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. The carrying amount of assets that the Group continues to recognise on the consolidated statement of financial position was RMB73,786 million as at 31 December 2023 (31 December 2022: RMB75,925 million).

As at 31 December 2023, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB791 million (31 December 2022: RMB721 million), and its maximum exposure approximated to the carrying amount.

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration received is recorded as a financial liability. As at 31 December 2023, transferred credit assets that were not qualified for derecognition of the Group amounted to RMB132 million at the time of transfer (31 December 2022: RMB132 million).

45. ASSETS PLEDGED AS SECURITY

The Group's collaterals for liabilities or contingent liabilities include financial assets such as securities and bills, which mainly serve as collaterals for repurchase agreements, securities borrowing, derivatives, or local statutory requirements. As at 31 December 2023, the par value of the financial assets of the Group pledged as collateral amounted to approximately RMB1,474,996 million (31 December 2022: approximately RMB940,239 million).

46. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial statements, no share appreciation rights have been granted.

(In RMB millions, unless otherwise stated)

47. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

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

	31 December 2023	31 December 2022
Contracted but not provided for	26,804	19,427

(b) Credit commitments

The Group has outstanding commitments to extend credit including approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan commitments and undrawn credit card limits are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	31 December 2023	31 December 2022
Bank acceptances	804,061	680,068
Guarantees issued		
– Financing letters of guarantees	32,048	56,365
– Non-financing letters of guarantees	540,709	501,054
Sight letters of credit	53,099	53,646
Usance letters of credit	148,803	112,606
Loan commitments		
– With an original maturity of under one year	34,841	108,102
– With an original maturity of one year or over	443,749	348,202
Undrawn credit card limits	1,126,870	1,111,002
	3,184,180	2,971,045
Credit risk-weighted assets of credit commitments	1,158,895	1,113,801

(In RMB millions, unless otherwise stated)

(c) Operating leases

The Group acts as a lessor principally through operating leases undertaken by its subsidiary ICBC Leasing. Under irrevocable operating lease contracts, the expected undiscounted minimum lease payments receivable by the Group in the future period amounted to:

	31 December 2023	31 December 2022
Within one year	18,228	16,946
Over one year but within two years	16,037	15,380
Over two years but within three years	14,878	14,627
Over three years but within five years	23,914	24,864
Over five years	51,414	57,258
	124,471	129,075

(d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2023, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB6,659 million (31 December 2022: RMB4,738 million).

In the opinion of management, the Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits and arbitrations will not have any significant impact on the financial position or operations of the Group.

(e) Redemption commitments of government bonds and securities underwriting commitments

As an underwriting agent of the MOF, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. The MOF will not provide funding for the early redemption of these PRC government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity. The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 31 December 2023 were RMB57,256 million (31 December 2022: RMB62,140 million). Management expects that the redemption obligations of these PRC government bonds by the Bank prior to maturity will not be material.

As at 31 December 2023, the Group has not had any outstanding securities underwriting commitments (31 December 2022: Nil).

(f) Designated funds and loans

	31 December 2023	31 December 2022
Designated funds	3,857,252	3,420,373
Designated loans	3,857,046	3,420,106

The designated funds represent the funding that the trustors have instructed the Group to use to make loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrust agreements signed by the Group and the trustors. The Group does not bear any risk.

(In RMB millions, unless otherwise stated)

(g) Fiduciary activities

The Group provides custody, trust and asset management services to third parties. Revenue from such activities is included in "net fee and commission income" set out in Note 7. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

48. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the reporting year:

(a) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 31 December 2023, the MOF directly owned approximately 31.14% (31 December 2022: approximately 31.14%) of the issued share capital of the Bank. The Group entered into banking transactions with the MOF in its ordinary course of business. Details of the major transactions are as follows:

	31 December 2023	31 December 2022
Balances at end of the year:		
The PRC government bonds and the special government bond	2,365,572	1,936,670

	2023	2022
Transactions during the year:		
Interest income on the government bonds	53,525	46,817

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in Note 48(i) "Transactions with state-owned entities in the PRC".

(b) Central Huijin Investment Ltd.

Central Huijin Investment Ltd. ("Huijin") is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation of the State Government, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State Government in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other businesses or commercial activities nor intervene in the day-to-day business operations of the financial enterprises in which it invests. Huijin was established on 16 December 2003 with a total registered and paid-in capital of RMB828,209 million. As at 31 December 2023, Huijin directly owned approximately 34.79% (31 December 2022: approximately 34.71%) of the issued share capital of the Bank.

As at 31 December 2023, bonds issued by Huijin ("the Huijin Bonds") held by the Group were of an aggregate face value of RMB40,427 million (31 December 2022: RMB50,237 million), with terms ranging from one to thirty years and coupon rates ranging from 2.44% to 4.20%. The Huijin Bonds are government-backed bonds, short-term bills and medium-term notes. The Group's subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory and the corporate governance requirements of the Group.

(In RMB millions, unless otherwise stated)

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	31 December 2023	31 December 2022
Balances at end of the year:		
Debt securities purchased	41,036	51,083
Loans and advances to customers	12,009	19,015
Due to customers	19,374	11,813

	2023	2022
Transactions during the year:		
Interest income on debt securities purchased	1,397	1,833
Interest income on loans and advances to customers	421	49
Interest expense on amounts due to customers	70	658

Huijin holds equity interests in certain other banks and financial institutions under the direction of the State Government. The Group entered into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Management considers that these banks and financial institutions are competitors of the Group. Details of major transactions conducted with these banks and financial institutions are as follows:

	31 December 2023	31 December 2022
Balances at end of the year:		
Debt securities purchased	821,752	641,606
Due from banks and other financial institutions	212,218	222,649
Reverse repurchase agreements	79,687	49,410
Loans and advances to customers	3,240	1,336
Derivative financial assets	8,058	7,767
Due to banks and other financial institutions	336,930	238,492
Repurchase agreements	3,400	6,200
Derivative financial liabilities	7,582	7,409
Due to customers	10,420	646
Credit commitments	7,026	8,821

	2023	2022
Transactions during the year:		
Interest income on debt securities purchased	27,829	16,184
Interest income on amounts due from banks and other financial institutions	1,554	1,055
Interest income on reverse repurchase agreements	87	12
Interest income on loans and advances to customers	70	37
Interest expense on amounts due to banks and other financial institutions	2,539	2,191
Interest expense on repurchase agreements	0	2
Interest expense on amounts due to customers	123	8

(In RMB millions, unless otherwise stated)

(c) National Council for Social Security Fund of the People's Republic of China

National Council for Social Security Fund (the "SSF") is a public institution managed by the MOF. It is the management and operating organisation of the national social security fund. As at 31 December 2023, the SSF held approximately 5.38% (31 December 2022: approximately 5.72%) of the Bank's issued share capital. The Group entered into banking transactions with the SSF in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	31 December 2023	31 December 2022
Balances at end of the year:		
Due to customers	64,000	48,000

	2023	2022
Transactions during the year:		
Interest expense on amounts due to customers	2,306	2,028

(d) Subsidiaries

	31 December 2023	31 December 2022
Balances at end of the year:		
Financial investments	41,126	42,242
Due from banks and other financial institutions	330,455	425,329
Reverse repurchase agreements	12,002	15,423
Loans and advances to customers	108,761	79,639
Derivative financial assets	4,003	6,183
Due to banks and other financial institutions	171,189	187,431
Repurchase agreements	1,904	2,581
Derivative financial liabilities	6,827	8,680
Credit commitments	42,500	60,370

	2023	2022
Transactions during the year:		
Interest income on financial investments	2,048	1,495
Interest income on amounts due from banks and other financial institutions	3,094	1,666
Interest income on reverse repurchase agreements	12	70
Interest income on loans and advances to customers	3,021	1,359
Interest expense on amounts due to banks and other financial institutions	3,737	3,086
Interest expense on repurchase agreements	50	22
Fee and commission income	4,611	4,108

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements.

(In RMB millions, unless otherwise stated)

(e) Associates and affiliates

	31 December 2023	31 December 2022
Balances at end of the year:		
Debt securities purchased	11,279	11,265
Due from banks and other financial institutions	6,066	4,652
Reverse repurchase agreements	3,264	1,469
Loans and advances to customers	4,278	3,815
Derivative financial assets	2,436	3,085
Due to banks and other financial institutions	4,120	2,250
Due to customers	1,089	1,568
Derivative financial liabilities	2,271	3,108
Credit commitments	4,293	5,085

	2023	2022
Transactions during the year:		
Interest income on debt securities purchased	274	344
Interest income on amounts due from banks and other financial institutions	50	49
Interest income on reverse repurchase agreements	1	1
Interest income on loans and advances to customers	174	80
Interest expense on amounts due to banks and other financial institutions	41	70
Interest expense on amounts due to customers	46	41

Transactions between the Group and the aforementioned parties were conducted under normal commercial terms and conditions and priced based on market rates.

(f) Joint ventures and affiliates

	31 December 2023	31 December 2022
Balances at end of the year:		
Loans and advances to customers	249	44
Due to banks and other financial institutions	608	–
Due to customers	32	4

	2023	2022
Transactions during the year:		
Interest income on loans and advances to customers	17	4
Interest expense on amounts due to banks and other financial institutions	6	–
Interest expense on amounts due to customers	0	0

Transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

(g) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors and the board of supervisors, and executive officers.

The aggregate compensation of key management personnel is as follows:

	2023 In RMB'000	2022 In RMB'000
Salaries and benefits	12,258	21,212

The above remuneration before tax payable to key management personnel for 2022 represents the total amount of their annual remunerations, which includes the amount disclosed in the 2022 annual report.

The total compensation packages for the Chairman of the Board of Directors, President, Executive Directors, and other Senior Management members have not been finalised in accordance with the regulations of the PRC relevant authorities. The total remuneration not yet accrued is not expected to have a significant impact on the Group's 2023 consolidated financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

Related parties of the Group include key management personnel of the Group and their close relatives, as well as companies controlled, jointly controlled or significantly influenced by key management personnel or their close relatives.

In 2023, there were no material transactions and balances with key management personnel individually or in the aggregate (2022: Immaterial). The Group entered into banking transactions with key management personnel in the ordinary course of business.

The aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB0.21 million as at 31 December 2023 (31 December 2022: RMB11.32 million).

The Bank's aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of the NFRA was RMB64.24 million as at 31 December 2023 (31 December 2022: RMB195.17 million).

The transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

(In RMB millions, unless otherwise stated)

(h) Annuity fund

Apart from the obligations for defined contributions to the annuity fund established by the Bank, annuity fund held A shares of the Bank with market value of RMB38.14 million as at 31 December 2023 (31 December 2022: Nil), and bonds issued by the Bank of RMB292.72 million as at 31 December 2023 (31 December 2022: RMB527.91 million).

(i) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the "state-owned entities"). During the reporting year, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

The transactions with state-owned entities are activities conducted in the ordinary course of business under normal terms and conditions and priced based on market rates, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

(j) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiaries are excluded.

	31 December 2023		31 December 2022	
	Balance	Percentage	Balance	Percentage
Financial investments	3,239,639	27.34%	2,640,624	25.07%
Due from banks and other financial institutions	218,284	19.55%	227,301	19.06%
Reverse repurchase agreements	82,951	6.78%	50,879	5.89%
Loans and advances to customers	19,776	0.08%	24,210	0.11%
Derivative financial assets	10,494	13.93%	10,852	12.44%
Due to banks and other financial institutions	341,658	10.14%	240,742	7.55%
Repurchase agreements	3,400	0.33%	6,200	1.08%
Derivative financial liabilities	9,853	12.92%	10,517	10.92%
Due to customers	94,915	0.28%	62,031	0.21%
Credit commitments	11,319	0.36%	13,906	0.47%

	2023		2022	
	Amount	Percentage	Amount	Percentage
Interest income	85,399	6.08%	66,465	5.20%
Interest expense	5,131	0.68%	4,998	0.85%

49. SEGMENT INFORMATION

(a) Operating segments

The Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

Corporate banking

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

Personal banking

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

Treasury operations

The treasury operations segment covers the Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions for its own accounts or on behalf of customers.

Other

This segment covers the Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. The internal transfer pricing of these transactions is determined with reference to the market rates and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer are referred to as "internal net interest income or expense". Net interest income and expense relating to third parties are referred to as "external net interest income or expense".

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.

(In RMB millions, unless otherwise stated)

	2023				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	301,507	62,885	290,621	–	655,013
Internal net interest income/(expense)	232	211,174	(211,406)	–	–
Net fee and commission income	72,556	46,060	741	–	119,357
Other income/(expense), net (i)	7,619	(2,263)	21,464	5,268	32,088
Operating income	381,914	317,856	101,420	5,268	806,458
Operating expenses	(98,156)	(120,738)	(15,881)	(3,923)	(238,698)
Impairment (losses)/gains on assets	(96,812)	(46,644)	(8,374)	1,014	(150,816)
Operating profit	186,946	150,474	77,165	2,359	416,944
Share of results of associates and joint ventures	–	–	–	5,022	5,022
Profit before taxation	186,946	150,474	77,165	7,381	421,966
Income tax expense					(56,850)
Profit for the year					365,116
Other segment information:					
Depreciation and amortisation	11,031	13,138	2,822	108	27,099
Capital expenditure	17,386	21,020	4,454	173	43,033

	31 December 2023				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	17,203,589	8,983,095	18,228,557	177,169	44,592,410
Including: Investments in associates and joint ventures	–	–	–	64,778	64,778
Property and equipment	108,123	137,558	27,917	25,280	298,878
Other non-current assets (ii)	42,654	19,802	5,487	8,549	76,492
Unallocated assets					104,669
Total assets					44,697,079
Segment liabilities	16,989,789	17,454,497	6,226,481	182,472	40,853,239
Unallocated liabilities					67,252
Total liabilities					40,920,491
Other segment information:					
Credit commitments	2,058,377	1,125,803	–	–	3,184,180

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

(In RMB millions, unless otherwise stated)

	2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	291,628	130,466	269,891	–	691,985
Internal net interest income/(expense)	14,267	167,717	(181,984)	–	–
Net fee and commission income	74,554	54,288	483	–	129,325
Other income/(expense), net (i)	8,466	(5,457)	11,984	6,049	21,042
Operating income	388,915	347,014	100,374	6,049	842,352
Operating expenses	(97,437)	(121,364)	(16,812)	(3,738)	(239,351)
Impairment losses on assets	(112,259)	(38,557)	(30,822)	(1,039)	(182,677)
Operating profit	179,219	187,093	52,740	1,272	420,324
Share of results of associates and joint ventures	–	–	–	4,396	4,396
Profit before taxation	179,219	187,093	52,740	5,668	424,720
Income tax expense					(62,610)
Profit for the year					362,110
Other segment information:					
Depreciation and amortisation	10,543	13,105	2,781	111	26,540
Capital expenditure	13,255	16,618	3,501	139	33,513

	31 December 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	14,683,048	8,659,449	15,992,193	174,339	39,509,029
Including: Investments in associates and joint ventures	–	–	–	65,790	65,790
Property and equipment	106,222	141,504	27,976	18,185	293,887
Other non-current assets (ii)	45,386	20,133	5,610	9,649	80,778
Unallocated assets					101,117
Total assets					39,610,146
Segment liabilities	15,448,837	15,325,115	5,039,830	191,414	36,005,196
Unallocated liabilities					89,531
Total liabilities					36,094,727
Other segment information:					
Credit commitments	1,861,309	1,109,736	–	–	2,971,045

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

(In RMB millions, unless otherwise stated)

(b) Geographical information

The Group operates principally in Chinese mainland, and also has branches or subsidiaries operating outside Chinese mainland. The distribution of the geographical areas is as follows.

Chinese mainland (Head Office and domestic branches)

Head Office ("HO"):	the HO business divisions (including institutions directly managed by the HO and its offices);
Yangtze River Delta:	including Shanghai, Jiangsu, Zhejiang and Ningbo;
Pearl River Delta:	including Guangdong, Shenzhen, Fujian and Xiamen;
Bohai Rim:	including Beijing, Tianjin, Hebei, Shandong and Qingdao;
Central China:	including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;
Western China:	including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and
Northeastern China:	including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and other

Branches located outside Chinese mainland, domestic and overseas subsidiaries, and investments in associates and joint ventures.

	2023									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income/(expense)	325,228	61,311	63,780	(12,379)	71,307	96,072	4,604	45,090	–	655,013
Internal net interest (expense)/income	(349,200)	73,626	37,282	158,627	35,925	25,492	23,176	(4,928)	–	–
Net fee and commission income	30,106	21,597	14,911	17,021	10,576	11,680	2,739	12,232	(1,505)	119,357
Other income/(expense), net (i)	18,762	(818)	(707)	(1,277)	(602)	(766)	(90)	16,139	1,447	32,088
Operating income	24,896	155,716	115,266	161,992	117,206	132,478	30,429	68,533	(58)	806,458
Operating expenses	(26,727)	(37,168)	(27,117)	(38,395)	(34,320)	(39,076)	(13,242)	(22,711)	58	(238,698)
Impairment losses on assets	(14,547)	(22,613)	(27,990)	(19,273)	(25,326)	(22,577)	(5,980)	(12,510)	–	(150,816)
Operating profit	(16,378)	95,935	60,159	104,324	57,560	70,825	11,207	33,312	–	416,944
Share of results of associates and joint ventures	–	–	–	–	–	–	–	5,022	–	5,022
Profit before taxation	(16,378)	95,935	60,159	104,324	57,560	70,825	11,207	38,334	–	421,966
Income tax expense										(56,850)
Profit for the year										365,116
Other segment information:										
Depreciation and amortisation	4,719	4,093	2,795	3,927	3,617	4,194	1,538	2,216	–	27,099
Capital expenditure	4,125	3,120	2,545	3,294	2,926	2,936	882	23,205	–	43,033

(In RMB millions, unless otherwise stated)

	31 December 2023									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,502,997	10,215,437	6,993,931	6,680,826	4,946,259	5,743,425	1,597,213	4,255,879	(4,343,557)	44,592,410
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	64,778	–	64,778
Property and equipment	11,663	31,346	13,544	19,297	18,074	21,517	7,996	175,441	–	298,878
Other non-current assets (ii)	17,001	7,087	6,253	6,837	8,392	9,998	2,338	18,756	(170)	76,492
Unallocated assets										104,669
Total assets										44,697,079
Liabilities by geographical areas	5,554,090	9,781,890	6,342,124	10,346,856	4,965,877	5,207,532	1,986,209	1,012,218	(4,343,557)	40,853,239
Unallocated liabilities										67,252
Total liabilities										40,920,491
Other segment information:										
Credit commitments	1,140,709	1,742,306	1,132,348	1,305,493	735,849	878,791	170,587	788,274	(4,710,177)	3,184,180

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

	2022									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
External net interest income	290,613	77,438	80,913	11,062	77,663	103,557	8,725	42,014	–	691,985
Internal net interest (expense)/income	(259,518)	52,414	18,670	125,852	28,413	18,105	18,710	(2,646)	–	–
Net fee and commission income	42,134	20,667	14,954	17,965	9,327	10,437	2,621	12,890	(1,670)	129,325
Other income/(expense), net (i)	11,096	(1,992)	(1,078)	(1,057)	(594)	(1,297)	(842)	15,204	1,602	21,042
Operating income	84,325	148,527	113,459	153,822	114,809	130,802	29,214	67,462	(68)	842,352
Operating expenses	(30,360)	(36,619)	(26,794)	(37,485)	(34,096)	(38,699)	(13,050)	(22,316)	68	(239,351)
Impairment losses on assets	(53,708)	(13,775)	(26,978)	(21,243)	(20,634)	(30,262)	(4,286)	(11,791)	–	(182,677)
Operating profit	257	98,133	59,687	95,094	60,079	61,841	11,878	33,355	–	420,324
Share of results of associates and joint ventures	–	–	–	–	–	–	–	4,396	–	4,396
Profit before taxation	257	98,133	59,687	95,094	60,079	61,841	11,878	37,751	–	424,720
Income tax expense										(62,610)
Profit for the year										362,110
Other segment information:										
Depreciation and amortisation	4,534	3,946	2,696	3,972	3,511	4,206	1,471	2,204	–	26,540
Capital expenditure	3,758	3,579	2,796	2,933	3,292	3,547	1,099	12,509	–	33,513

(In RMB millions, unless otherwise stated)

	31 December 2022									
	Chinese mainland (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other	Eliminations	Total
Assets by geographical areas	8,069,477	9,418,551	6,583,520	6,065,352	4,396,769	5,174,047	1,469,644	4,366,642	(6,034,973)	39,509,029
Including: Investments in associates and joint ventures	-	-	-	-	-	-	-	65,790	-	65,790
Property and equipment	12,750	32,205	13,678	19,853	18,542	22,240	8,403	166,216	-	293,887
Other non-current assets (ii)	16,623	7,274	6,149	6,812	8,359	9,769	2,469	23,323	-	80,778
Unallocated assets										101,117
Total assets										39,610,146
Liabilities by geographical areas	5,335,535	9,208,450	5,833,211	9,263,328	4,599,017	4,842,967	1,819,550	1,138,111	(6,034,973)	36,005,196
Unallocated liabilities										89,531
Total liabilities										36,094,727
Other segment information:										
Credit commitments	1,157,911	1,378,232	931,972	1,106,387	624,496	680,902	160,799	796,832	(3,866,486)	2,971,045

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

50. FINANCIAL RISK MANAGEMENT

The board of directors (the "Board") has the ultimate responsibility for risk management and oversees the Group's risk management system through the Risk Management Committee and the Audit Committee of the Board.

The President supervises risk management and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee, which set the risk management strategies and appetite, evaluate and formulate risk management policies and procedures, and make recommendations through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise the Bank's risk management and make decisions.

The Group has clearly defined the roles of each department in monitoring financial risks within the Group. The Credit Management Department monitors credit risk, the Risk Management Department together with the Asset and Liability Management Department monitor market and liquidity risks, and the Internal Control and Compliance Department monitors operational risk. The Risk Management Department is primarily responsible for establishing and coordinating a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting risk management structure at the branch level. Under this structure, the risk management department of the branches report to both the Group risk management department and the management of the branches.

(a) Credit risk

Definition and scope

Credit risk is the risk of loss arising from a borrower or counterparty's failure to perform its obligations. Operational failures which result in unauthorised or inappropriate guarantees, financial commitments or investments by the Group may also give rise to credit risk. The Group's credit risk is mainly attributable to its credit assets, due from banks and other financial institutions and financial investments.

The Group is also exposed to credit risk in other areas. The credit risk arising from derivative financial instruments is limited to derivative financial assets recorded in the consolidated statement of financial position. In addition, the Group provides guarantees for customers and may therefore be required to make payments on their behalf. These payments would be recovered from customers in accordance with the terms of the agreement. Therefore, the Group assumes a credit risk similar to that arising from loans and applies the same risk control procedures and policies to reduce risks.

Credit risk assessment method

Staging of financial instruments

The Group classifies financial instruments into three stages and makes provisions for expected credit loss accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition and whether the assets have been credit-impaired. Refer to Note 4(10) Impairment of financial assets for the definition of the three stages.

Classification of credit risk exposures

The Group classifies credit risk exposures of expected credit losses with sufficient information by considering factors such as internal ratings-based ("IRB") segmentation, product types, customer types, industry risk characteristics, and response to macro-economic changes.

Significant increase in credit risk

The assessment of significant increase in credit risk since initial recognition is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of staging of financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk rating, debt-servicing capacity, operating capabilities, contractual terms, and repayment behaviour and willingness. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial recognition to determine changes in the risk of default over the expected lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen above threshold, the background for financing have been authenticated, the financial instrument has been past due for more than 30 days, the loan has been modified in payment term of principal or interest, any significant negative issue has been arisen and any other indicators of increase in risk have been noticed.

The Group has further facilitated the deferral in principal repayment and interest payment credit arrangements for the inclusive loans to micro and small-sized businesses in accordance with the government's regulations. The Group classifies the credit risk based on the actual situation of the borrower and the judgement of the substantive risk of the business for those loans with deferred principal repayment and interest payment. However, the temporary deferral in principal repayment and interest payment is not considered as an automatic trigger event for a significant increase in credit risk.

Definition of default

The Group defines a corporate borrower as in default when it meets one or more of the following criteria:

(i) The principal or interest of any credit business is past due more than 90 days (not inclusive) to the Group;

(ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or

(iii) The corporate borrower has the matters refer to in (i) or (ii) above in other financial institutions.

The Group defines a retail business borrower as in default when any single credit asset of a borrower meets one or more of the following criteria:

(i) The principal or interest of loan is past due more than 90 days (not inclusive);

(ii) Write-offs of loan; or

(iii) The retail business borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral.

Impairment assessment

A financial asset is generally considered to be credit-impaired if:

– it has been overdue for more than 90 days (not inclusive);

– in light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;

– it is probable that the borrower will be insolvent or carry out other financial restructurings;

– due to serious financial difficulties, the financial asset cannot continue to be traded in an active market; and

– there are other objective evidences that indicate the financial asset is impaired.

Parameters, assumptions and estimation techniques

Loss allowance for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition and whether an asset is considered to be credit-impaired. ECL for loans and advances to customers, other than those corporate loans and advance to customers which are credit-impaired, is measured using the risk parametric modelling method. The key parameters include Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money.

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the IRB approach under the New Basel Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time PD under the current macro-economic environment.

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. LGD depends on the type of counterparty, the method and priority of the recourse, and the type of collateral, taking the forward-looking adjustments into account.

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

During the year, based on the requirements of the Administrative Measures for the Implementation of the Expected Credit Loss Method of Commercial Banks, the Group conducted internal and external verification and re-verification of the measurement of expected credit losses, and continued to optimize the model according to the results of the re-verification, including updating the criteria of financial instruments stage, forward-looking information, model parameters, risk grouping, and other.

(In RMB millions, unless otherwise stated)

The calculation of impairment loss on credit-impaired corporate loans and advance to customers applies the discounted cash flow method. If there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the consolidated statement of profit or loss. In determining allowances, the following factors are considered:

– the sustainability of the borrower's business plan;

– the borrower's ability to improve performance when a financial difficulty arises;

– the estimated recoverable cash flows from projects and liquidation;

– the availability of other financial support and the realisable value of collateral; and

– the timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period unless there are other unforeseen circumstances.

Forward-looking information contained in ECL

The assessment of significant increase in credit risk and the calculation of ECL incorporate forward-looking information. The Group has performed historical data analysis and identified Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Broad Money Supply ("M2"), Consumer Confidence Index and other macro-economic indicators as impacting the ECL for each portfolio. The impact of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the correlations among the historical changes of the economic variables, PD and LGD. The impact of these economic variables on the PD and LGD varies according to different types of business. Forecasts of these economic variables are carried out at least quarterly by the Group to provide the best estimate view of the economy over the next year.

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement. The optimistic and pessimistic scenarios are of comparable weightings, of which, the weighting of neutral scenario is slightly higher than that of the other two scenarios. The weightings of the scenarios are consistent with those as at 31 December 2022.

As at 31 December 2023, the Group has taken into account different macro-economic scenarios, combined with the impact of factors such as effect of prior period base data on economic development trends, and made forward-looking forecasts of macro-economic indicators. Of which, the year-on-year GDP growth rate used to estimate ECL under each scenario is as follows: 5.0% under neutral scenario, 6.3% under optimistic scenario, and 4.0% under pessimistic scenario.

The Group has carried out sensitivity analysis of macro-economic indicators used in forward-looking measurement. As at 31 December 2023, when the key economic indicators in the neutral scenario moved up or down by 10%, the ECL changed by no more than 5% (31 December 2022: no more than 5%).

Financial assets contract modification

The Group might modify the terms of loan with a customer based on commercial renegotiations, or when the customer is in financial difficulty, with a view to maximising the recovery of loan.

Such modifications include restructuring the loan to provide extended payment term arrangements, payment holidays or payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue, and these policies and practices are reviewed regularly. Such restructures are especially common for medium-term and long-term loans. During the year, based on the rules on risk classification of financial assets of commercial banks, the group optimized and adjusted the criteria of assessment of financial difficulty and the identification of rescheduled loans.

During the year, based on the requirement of China's National Financial Regulatory Administration Reducing the Interest Rate of First Residential Mortgages, the Group adjusted the interest rate of conforming stocking residential mortgages. The accounting policy refer to Note 4(11) Modification of financial assets contracts.

The following table includes carrying amount of rescheduled loans and advance to customers:

	31 December 2023	31 December 2022
Rescheduled loans and advances to customers	82,723	26,229
Including: Impaired loans and advances to customers	15,607	6,425

(In RMB millions, unless otherwise stated)

Collateral and other credit enhancements

The amount and type of collateral required depend on the assessment of credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills and marketable securities. As part of certain reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralised by properties or other assets. As at 31 December 2023, the gross carrying amount of corporate loans and discounted bills amounted to RMB17,432,861 million (31 December 2022: RMB14,975,751 million), of which credit exposure covered by collateral amounted to RMB5,344,849 million (31 December 2022: RMB4,680,161 million).

Personal loans are mainly collateralised by residential properties. As at 31 December 2023, the gross carrying amount of personal loans amounted to RMB8,653,621 million (31 December 2022: RMB8,234,625 million), of which credit exposure covered by collateral amounted to RMB7,719,465 million (31 December 2022: RMB7,359,369 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be appraised and confirmed by the Group or valuation agencies engaged by the Group. The value of collateral should adequately cover the outstanding balance of loans. The Group takes into consideration the types of collateral, state of condition, liquidity, price volatility and realisation cost to determine the loan-to-value ratio of collateral. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

The Group monitors the market value of the collateral and when needed, require additional collateral according to agreements. The Group disposes of repossessed assets in an orderly manner.

(i) Maximum exposure to credit risk without taking into account of any collateral and other credit enhancements

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking into account any collateral and other credit enhancements is set out below:

	31 December 2023	31 December 2022
Balances with central banks	3,975,594	3,361,552
Due from banks and other financial institutions	1,116,717	1,192,532
Derivative financial assets	75,339	87,205
Reverse repurchase agreements	1,224,257	864,122
Loans and advances to customers	25,386,933	22,591,676
Financial investments		
Financial investments measured at FVTPL	578,595	575,165
Financial investments measured at FVTOCI	2,148,073	2,129,970
Financial investments measured at amortised cost	8,806,849	7,563,132
Other	107,719	128,358
	43,420,076	38,493,712
Credit commitments	3,184,180	2,971,045
Maximum credit risk exposure	46,604,256	41,464,757

(ii) Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.

(In RMB millions, unless otherwise stated)

(1) Loans and advances to customers

By geographical distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by geographical distribution is as follows:

	31 December 2023		31 December 2022	
	Amount	Percentage	Amount	Percentage
Head Office	754,746	2.89%	747,980	3.22%
Yangtze River Delta	5,616,187	21.53%	4,798,204	20.68%
Pearl River Delta	4,055,692	15.54%	3,621,603	15.60%
Bohai Rim	4,285,481	16.44%	3,816,621	16.45%
Central China	4,064,415	15.58%	3,561,290	15.34%
Western China	4,766,575	18.27%	4,225,369	18.20%
Northeastern China	1,082,666	4.15%	978,246	4.21%
Overseas and other	1,460,720	5.60%	1,461,063	6.30%
Total	26,086,482	100.00%	23,210,376	100.00%

By industry

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is as follows:

	31 December 2023	31 December 2022
Transportation, storage and postal services	3,782,387	3,357,175
Manufacturing	2,454,786	2,068,044
Leasing and commercial services	2,396,063	1,980,076
Water, environment and public utility management	1,742,614	1,531,163
Production and supply of electricity, heating, gas and water	1,690,911	1,313,234
Real estate	1,014,138	976,460
Wholesale and retail	757,022	608,722
Finance	635,529	584,594
Construction	462,957	392,535
Science, education, culture and sanitation	410,202	368,149
Mining	340,250	263,109
Other	458,345	383,705
Subtotal for corporate loans	16,145,204	13,826,966
Personal mortgage and business loans	7,635,604	7,362,031
Other	1,018,017	872,594
Subtotal for personal loans	8,653,621	8,234,625
Discounted bills	1,287,657	1,148,785
Total for loans and advances to customers	26,086,482	23,210,376

(In RMB millions, unless otherwise stated)

By collateral

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by collateral is as follows:

	31 December 2023	31 December 2022
Unsecured loans	9,947,491	8,221,000
Guaranteed loans	2,715,345	2,544,651
Loans secured by mortgages	10,444,304	9,977,153
Pledged loans	2,979,342	2,467,572
Total	26,086,482	23,210,376

Overdue loans

The composition of the Group's gross overdue loans (excluding accrued interest) by collateral is as follows:

	31 December 2023				
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	31,987	33,514	29,897	7,368	102,766
Guaranteed loans	13,790	19,151	16,805	11,400	61,146
Loans secured by mortgages	58,876	48,272	37,285	14,429	158,862
Pledged loans	2,583	952	3,131	984	7,650
Total	107,236	101,889	87,118	34,181	330,424

	31 December 2022				
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	33,114	22,052	30,694	3,304	89,164
Guaranteed loans	11,219	16,734	20,007	5,674	53,634
Loans secured by mortgages	44,182	37,795	38,550	9,999	130,526
Pledged loans	5,287	2,928	1,926	566	10,707
Total	93,802	79,509	91,177	19,543	284,031

(In RMB millions, unless otherwise stated)

(2) Debt securities investments

By issuers

The following tables present an analysis of the Group's debt securities investments (excluding accrued interest) by types of issuers and investments:

	31 December 2023			
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost	Total
Governments and central banks	187,365	1,076,400	7,495,472	8,759,237
Policy banks	34,375	184,168	593,403	811,946
Banks and other financial institutions	231,388	293,463	540,296	1,065,147
Corporate entities	87,041	566,522	67,834	721,397
	540,169	2,120,553	8,697,005	11,357,727

	31 December 2022			
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost	Total
Governments and central banks	123,419	982,051	6,373,902	7,479,372
Policy banks	28,290	211,905	522,014	762,209
Banks and other financial institutions	231,085	349,923	506,021	1,087,029
Corporate entities	110,456	560,850	63,654	734,960
	493,250	2,104,729	7,465,591	10,063,570

By rating

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies in the countries where the issuers of debt securities are located. The carrying amounts of debt securities investments (excluding accrued interest) analysed by rating as at the end of the reporting period are as follows:

	31 December 2023					
	Unrated	AAA	AA	A	Below A	Total
Governments and central banks	2,461,141	6,139,412	63,270	52,824	42,590	8,759,237
Policy banks	732,015	55,943	8,934	11,754	3,300	811,946
Banks and other financial institutions	409,850	380,700	47,941	173,791	52,865	1,065,147
Corporate entities	159,202	391,268	5,943	121,625	43,359	721,397
	3,762,208	6,967,323	126,088	359,994	142,114	11,357,727

(In RMB millions, unless otherwise stated)

	31 December 2022					
	Unrated	AAA	AA	A	Below A	Total
Governments and central banks	2,209,376	5,156,655	30,519	47,631	35,191	7,479,372
Policy banks	700,863	44,454	3,222	13,310	360	762,209
Banks and other financial institutions	442,644	412,053	24,171	127,208	80,953	1,087,029
Corporate entities	158,706	420,935	4,214	101,736	49,369	734,960
	3,511,589	6,034,097	62,126	289,885	165,873	10,063,570

(iii) Three-stage analysis of financial instruments' risk exposure

The Group's credit risk stages of financial instruments are as follows:

	31 December 2023							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	4,042,293	–	–	4,042,293	–	–	–	–
Due from banks and other financial institutions	1,120,116	–	161	1,120,277	(3,399)	–	(161)	(3,560)
Reverse repurchase agreements	1,183,840	–	–	1,183,840	(97)	–	–	(97)
Loans and advances to customers	23,773,666	714,114	353,465	24,841,245	(342,730)	(156,240)	(257,031)	(756,001)
Financial investments	8,840,215	2,214	3,139	8,845,568	(36,009)	(11)	(2,699)	(38,719)
Total	38,960,130	716,328	356,765	40,033,223	(382,235)	(156,251)	(259,891)	(798,377)
Financial assets measured at FVTOCI								
Loans and advances to customers	1,295,548	–	37	1,295,585	(361)	–	(29)	(390)
Financial investments	2,136,289	11,509	275	2,148,073	(4,835)	(964)	(3,769)	(9,568)
Total	3,431,837	11,509	312	3,443,658	(5,196)	(964)	(3,798)	(9,958)

(In RMB millions, unless otherwise stated)

	31 December 2022							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with central banks	3,427,892	–	–	3,427,892	–	–	–	–
Due from banks and other financial institutions	1,194,032	–	–	1,194,032	(1,500)	–	–	(1,500)
Reverse repurchase agreements	709,623	–	–	709,623	(475)	–	–	(475)
Loans and advances to customers	21,098,741	685,365	321,135	22,105,241	(278,715)	(141,586)	(251,923)	(672,224)
Financial investments	7,591,165	163	3,139	7,594,467	(28,613)	(23)	(2,699)	(31,335)
Total	34,021,453	685,528	324,274	35,031,255	(309,303)	(141,609)	(254,622)	(705,534)
Financial assets measured at FVTOCI								
Loans and advances to customers	1,155,844	–	35	1,155,879	(510)	–	(28)	(538)
Financial investments	2,118,550	10,534	886	2,129,970	(4,794)	(1,009)	(3,527)	(9,330)
Total	3,274,394	10,534	921	3,285,849	(5,304)	(1,009)	(3,555)	(9,868)

As at 31 December 2023 and 2022, credit risk exposures of credit commitments were mainly classified in Stage 1.

(b) Liquidity risk

Liquidity risk is the risk that funds will not be sufficient or raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although the Group remains solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

– optimising the structure of assets and liabilities;

– maintaining the stability of the deposit base;

– projecting cash flows and evaluating the level of current assets; and

– maintaining an efficient internal fund transfer mechanism to ensure sufficient liquidity at branch level.

(In RMB millions, unless otherwise stated)

(i) Maturity analysis of assets and liabilities

The tables below summarise the maturity profile of the Group's assets and liabilities. The actual remaining maturity of the Group's financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	31 December 2023							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	Total
Assets:								
Cash and balances with central banks	1,192,880	4,640	3,980	2,908	5,086	–	2,832,799	4,042,293
Due from banks and other financial institutions (i)	337,094	1,458,823	178,151	327,184	39,718	4	–	2,340,974
Derivative financial assets	–	9,989	17,197	30,865	11,194	6,094	–	75,339
Loans and advances to customers	36,677	1,233,059	1,299,690	4,848,837	4,967,058	12,873,541	128,071	25,386,933
Financial investments								
Financial investments measured at FVTPL	81,529	9,082	22,165	235,722	156,408	201,903	105,148	811,957
Financial investments measured at FVTOCI	–	132,916	94,002	425,812	852,277	643,039	82,816	2,230,862
Financial investments measured at amortised cost	–	104,586	338,685	875,813	3,345,609	4,141,536	620	8,806,849
Investments in associates and joint ventures	–	–	–	–	–	–	64,778	64,778
Property and equipment	–	–	–	–	–	–	298,878	298,878
Other	115,927	222,172	40,247	50,709	61,395	45,949	101,817	638,216
Total assets	1,764,107	3,175,267	1,994,117	6,797,850	9,438,745	17,912,066	3,614,927	44,697,079
Liabilities:								
Due to central banks	–	6,549	66,676	158,149	–	–	–	231,374
Due to banks and other financial institutions (ii)	2,685,751	458,379	284,933	907,359	46,034	5,508	–	4,387,964
Financial liabilities measured at FVTPL	56,799	141	123	633	4,847	316	–	62,859
Derivative financial liabilities	–	17,999	20,057	22,859	10,909	4,427	–	76,251
Certificates of deposit	–	58,396	122,826	182,299	21,677	–	–	385,198
Due to customers	13,683,549	1,830,012	2,325,939	6,986,876	8,679,518	15,280	–	33,521,174
Debt securities issued	–	17,813	106,187	352,234	215,269	678,274	–	1,369,777
Other	–	268,158	132,389	149,244	161,415	174,688	–	885,894
Total liabilities	16,426,099	2,657,447	3,059,130	8,759,653	9,139,669	878,493	–	40,920,491
Net liquidity gap	(14,661,992)	517,820	(1,065,013)	(1,961,803)	299,076	17,033,573	3,614,927	3,776,588

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

	31 December 2022							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	Total
Assets:								
Cash and balances with central banks	766,050	3,771	3,471	2,534	4,316	–	2,647,750	3,427,892
Due from banks and other financial institutions (i)	231,177	1,178,164	241,316	348,491	57,506	–	–	2,056,654
Derivative financial assets	1,228	14,136	20,960	25,225	16,705	8,951	–	87,205
Loans and advances to customers	32,364	1,109,740	1,048,523	4,279,277	3,772,395	12,253,435	95,942	22,591,676
Financial investments								
Financial investments measured at FVTPL	93,469	7,792	22,464	208,484	116,605	199,594	99,066	747,474
Financial investments measured at FVTOCI	–	121,032	234,407	345,296	867,843	561,208	93,310	2,223,096
Financial investments measured at amortised cost	–	115,000	203,067	836,644	2,771,349	3,636,452	620	7,563,132
Investments in associates and joint ventures	–	–	–	–	–	–	65,790	65,790
Property and equipment	–	–	–	–	–	–	293,887	293,887
Other	98,293	153,780	26,799	44,653	32,770	89,434	107,611	553,340
Total assets	1,222,581	2,703,415	1,801,007	6,090,604	7,639,489	16,749,074	3,403,976	39,610,146
Liabilities:								
Due to central banks	–	6,127	16,882	121,734	1,038	–	–	145,781
Due to banks and other financial institutions (ii)	2,509,370	542,311	204,501	421,705	68,494	16,109	–	3,762,490
Financial liabilities measured at FVTPL	57,045	61	578	2,338	3,597	668	–	64,287
Derivative financial liabilities	1,955	17,932	23,702	30,565	14,231	7,965	–	96,350
Certificates of deposit	–	68,099	125,796	175,348	6,209	–	–	375,452
Due to customers	14,271,619	1,913,802	1,683,372	5,432,348	6,551,322	18,028	–	29,870,491
Debt securities issued	–	6,899	29,260	86,443	203,986	579,365	–	905,953
Other	–	255,765	129,605	164,692	132,461	191,400	–	873,923
Total liabilities	16,839,989	2,810,996	2,213,696	6,435,173	6,981,338	813,535	–	36,094,727
Net liquidity gap	(15,617,408)	(107,581)	(412,689)	(344,569)	658,151	15,935,539	3,403,976	3,515,419

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(ii) Maturity analysis of undiscounted contractual cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the undiscounted contractual cash flows. The balances of some items in the tables below are different from the balances in the consolidated statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's actual cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	31 December 2023							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	1,192,880	4,654	4,028	2,998	5,183	–	2,832,799	4,042,542
Due from banks and other financial institutions (i)	337,094	1,462,855	179,850	334,769	42,474	4	–	2,357,046
Loans and advances to customers (ii)	54,533	1,353,001	1,534,912	5,839,403	8,646,048	19,669,390	671,048	37,768,335
Financial investments								
Financial investments measured at FVTPL	81,529	9,384	24,206	246,219	185,042	226,856	105,763	878,999
Financial investments measured at FVTOCI	–	137,501	101,117	462,665	964,058	802,982	83,534	2,551,857
Financial investments measured at amortised cost	–	118,767	377,001	1,075,522	4,070,282	5,072,783	3,130	10,717,485
Other	105,707	195,642	20,713	46,739	45,605	51,849	–	466,255
	1,771,743	3,281,804	2,241,827	8,008,315	13,958,692	25,823,864	3,696,274	58,782,519
Financial liabilities:								
Due to central banks	–	6,565	66,840	159,718	–	–	–	233,123
Due to banks and other financial institutions (iii)	2,685,751	460,705	301,577	953,779	51,671	7,802	–	4,461,285
Financial liabilities measured at FVTPL	56,799	180	165	1,414	5,463	357	–	64,378
Certificates of deposit	–	58,475	123,722	186,117	22,905	–	–	391,219
Due to customers	13,685,047	1,831,542	2,335,694	7,090,386	9,148,344	18,184	–	34,109,197
Debt securities issued	–	18,200	107,968	376,141	330,196	780,131	–	1,612,636
Other	–	263,648	35,260	19,738	59,849	51,921	–	430,416
	16,427,597	2,639,315	2,971,226	8,787,293	9,618,428	858,395	–	41,302,254
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	207	1,555	(11,256)	2,322	(67)	–	(7,239)
Derivative financial instruments settled on gross basis								
Including: Cash inflow	–	1,229,409	583,502	1,758,108	367,431	57,583	–	3,996,033
Cash outflow	–	(1,212,090)	(589,874)	(1,772,475)	(370,714)	(57,826)	–	(4,002,979)
	–	17,319	(6,372)	(14,367)	(3,283)	(243)	–	(6,946)

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

	31 December 2022							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	Total
Non-derivative cash flows:								
Financial assets:								
Cash and balances with central banks	766,050	3,774	3,478	2,566	4,579	–	2,647,750	3,428,197
Due from banks and other financial institutions (i)	231,187	1,180,526	244,334	354,211	59,009	–	–	2,069,267
Loans and advances to customers (ii)	40,595	1,213,028	1,255,195	5,132,696	7,016,225	20,395,144	525,600	35,578,483
Financial investments								
Financial investments measured at FVTPL	93,469	8,495	24,050	218,327	151,910	221,742	99,746	817,739
Financial investments measured at FVTOCI	–	134,663	241,424	385,254	998,386	709,859	94,446	2,564,032
Financial investments measured at amortised cost	–	136,945	236,805	1,015,478	3,407,392	4,446,184	3,129	9,245,933
Other	92,591	143,086	12,698	35,490	17,734	92,825	39	394,463
	1,223,892	2,820,517	2,017,984	7,144,022	11,655,235	25,865,754	3,370,710	54,098,114
Financial liabilities:								
Due to central banks	–	6,132	16,923	122,938	1,038	–	–	147,031
Due to banks and other financial institutions (iii)	2,509,380	543,715	206,552	436,973	97,907	17,746	–	3,812,273
Financial liabilities measured at FVTPL	57,045	65	578	2,403	3,598	668	–	64,357
Certificates of deposit	–	68,186	126,364	177,563	6,649	–	–	378,762
Due to customers	14,281,430	1,920,323	1,695,923	5,520,110	6,916,340	20,642	–	30,354,768
Debt securities issued	–	9,558	32,841	107,640	297,722	673,025	–	1,120,786
Other	–	247,958	34,944	13,476	34,445	94,479	–	425,302
	16,847,855	2,795,937	2,114,125	6,381,103	7,357,699	806,560	–	36,303,279
Derivative cash flows:								
Derivative financial instruments settled on net basis	–	817	464	1,529	1,542	100	–	4,452
Derivative financial instruments settled on gross basis								
Including: Cash inflow	85,965	979,392	586,504	849,091	263,153	37,805	–	2,801,910
Cash outflow	(88,580)	(975,680)	(593,312)	(849,885)	(265,245)	(38,589)	–	(2,811,291)
	(2,615)	3,712	(6,808)	(794)	(2,092)	(784)	–	(9,381)

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

(In RMB millions, unless otherwise stated)

(iii) Analysis of credit commitments by contractual expiry date

Management does not expect all of the commitments to be drawn down before the expiry of the commitments.

	31 December 2023						
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
Credit commitments	1,270,414	145,907	359,067	690,830	510,386	207,576	3,184,180

	31 December 2022						
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
Credit commitments	1,228,303	112,499	273,992	682,822	490,874	182,555	2,971,045

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on- and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and interest rate risk arising from treasury business positions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The analysis of the interest rate risk in the banking book is disclosed in Note 50(d).

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the foreign exchange exposures arising from currency structural imbalance between foreign currency assets and liabilities, and off-balance sheet foreign exchange exposures arising from currency derivative transactions.

The Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios to be immaterial.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Value-at-risk (VaR) analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a Value-at-risk (VaR) analysis by risk type of the Group's trading portfolios and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

(In RMB millions, unless otherwise stated)

(i) VaR

VaR is a measure index which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation method to calculate and monitor the VaRs of trading portfolios with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaRs of trading book by risk type is as follows:

	2023			
	End of year	**Average**	**Maximum**	**Minimum**
Interest rate risk	87	112	209	43
Currency risk	258	256	406	131
Commodity risk	38	37	44	26
Total portfolio VaR	245	312	412	180

	2022			
	End of year	**Average**	**Maximum**	**Minimum**
Interest rate risk	121	67	121	30
Currency risk	297	160	297	83
Commodity risk	32	12	33	7
Total portfolio VaR	411	179	411	89

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there is a diversification effect due to the correlation amongst the risk factors, the individual VaRs do not add up to the total portfolio VaR.

Although VaR is an important tool for measuring market risk under normal market environment, the assumptions on which the model is based do give rise to some limitations, mainly including the following:

(1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose of positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain basically unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to hedge or dispose of all positions fully;

(2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and

(3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

(In RMB millions, unless otherwise stated)

(ii) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, and other currencies to a lesser extent. The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD. Transactions in foreign currencies mainly arise from the Group's foreign currency treasury operations, commissioned foreign exchange dealings for clients and overseas investments.

The Group manages its currency risk exposure through various methods, including limit management and risk hedging to hedge currency risk, and performs currency risk sensitivity analysis and stress testing regularly.

The tables below indicate a sensitivity analysis of exchange rate changes of the main foreign currencies to which the Group had significant on- and off-balance sheet exposure on its monetary assets and liabilities and its estimated future cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity, The impact on equity only includes the impact on other comprehensive income. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. While the table below indicates the effect on profit before taxation and equity of a 1% depreciation of USD and HKD against RMB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the end of the reporting period are kept unchanged and, therefore, has not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

		Effect on profit before taxation		Effect on equity	
Currency	Change in exchange rate	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	-1%	267	522	(629)	(889)
HKD	-1%	327	817	(1,443)	(1,279)

(In RMB millions, unless otherwise stated)

A breakdown of the assets and liabilities analysed by currency is as follows:

	31 December 2023				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
Assets:					
Cash and balances with central banks	3,741,187	168,210	8,133	124,763	4,042,293
Due from banks and other financial institutions (i)	1,612,535	427,598	39,665	261,176	2,340,974
Derivative financial assets	30,533	25,973	7,455	11,378	75,339
Loans and advances to customers	23,997,794	690,350	346,152	352,637	25,386,933
Financial investments					
Financial investments measured at FVTPL	761,884	30,975	10,832	8,266	811,957
Financial investments measured at FVTOCI	1,736,925	359,118	38,971	95,848	2,230,862
Financial investments measured at amortised cost	8,450,363	192,730	36,996	126,760	8,806,849
Investments in associates and joint ventures	36,804	2,096	196	25,682	64,778
Property and equipment	134,199	161,870	674	2,135	298,878
Other	333,577	174,586	5,658	124,395	638,216
Total assets	40,835,801	2,233,506	494,732	1,133,040	44,697,079
Liabilities:					
Due to central banks	230,246	–	–	1,128	231,374
Due to banks and other financial institutions (ii)	3,588,038	482,444	73,509	243,973	4,387,964
Financial liabilities measured at FVTPL	4,937	2,250	4	55,668	62,859
Derivative financial liabilities	28,563	29,765	8,627	9,296	76,251
Certificates of deposit	103,347	208,441	40,857	32,553	385,198
Due to customers	31,837,835	871,819	434,579	376,941	33,521,174
Debt securities issued	1,150,601	187,762	2,058	29,356	1,369,777
Other	569,117	213,141	24,334	79,302	885,894
Total liabilities	37,512,684	1,995,622	583,968	828,217	40,920,491
Net long/(short) position	3,323,117	237,884	(89,236)	304,823	3,776,588
Credit commitments	2,525,419	426,002	49,055	183,704	3,184,180

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(In RMB millions, unless otherwise stated)

	31 December 2022				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
Assets:					
Cash and balances with central banks	3,126,696	150,292	14,937	135,967	3,427,892
Due from banks and other financial institutions (i)	1,108,378	644,064	35,575	268,637	2,056,654
Derivative financial assets	27,006	29,132	15,269	15,798	87,205
Loans and advances to customers	21,137,985	752,795	352,901	347,995	22,591,676
Financial investments					
Financial investments measured at FVTPL	697,336	32,710	8,122	9,306	747,474
Financial investments measured at FVTOCI	1,707,681	389,335	8,989	117,091	2,223,096
Financial investments measured at amortised cost	7,242,116	166,488	57,165	97,363	7,563,132
Investments in associates and joint ventures	36,740	2,728	189	26,133	65,790
Property and equipment	137,342	153,536	643	2,366	293,887
Other	342,804	84,400	38,442	87,694	553,340
Total assets	35,564,084	2,405,480	532,232	1,108,350	39,610,146
Liabilities:					
Due to central banks	143,352	–	–	2,429	145,781
Due to banks and other financial institutions (ii)	2,848,497	598,689	57,370	257,934	3,762,490
Financial liabilities measured at FVTPL	5,361	3,707	–	55,219	64,287
Derivative financial liabilities	31,128	33,778	15,856	15,588	96,350
Certificates of deposit	127,443	203,301	17,030	27,678	375,452
Due to customers	28,153,014	937,078	418,526	361,873	29,870,491
Debt securities issued	685,154	191,789	2,317	26,693	905,953
Other	712,469	138,878	14,136	8,440	873,923
Total liabilities	32,706,418	2,107,220	525,235	755,854	36,094,727
Net long position	2,857,666	298,260	6,997	352,496	3,515,419
Credit commitments	2,379,809	398,563	8,896	183,777	2,971,045

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(d) Interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall return and the economic value of the banking book arising from adverse movements in interest rate and term structure. This type of risk may occur in the following situations:

- the repricing period of different financial instruments are different when the interest rate changes;
- despite the similarities in maturity periods, changes in the benchmark interest rate vary among on- and off-balance sheet business in the banking book with different pricing benchmark interest rates;
- the Bank or the counterparty can elect to change the level or the maturity of future cash flows of financial instruments when the Bank holds option derivatives or when there are embedded option terms or implied options in the on- and off-balance sheet businesses in the banking book; and
- due to changes in expected default levels or market liquidity, the market's assessment of the credit quality of financial instruments changes, leading to changes in credit spreads.

The Group manages the interest rate risk in the banking book through the Asset and Liability Management Department, and the following methods have been adopted:

- interest rate prediction: analysing the macro-economic factors that may impact the PBOC benchmark interest rates and market interest rates;
- duration management: optimising the differences in timing between contractual repricing (or maturities) of interest-generating assets and interest-bearing liabilities;
- pricing management: managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates or market interest rates;
- limit management: optimising the positions of interest-generating assets and interest-bearing liabilities and controlling the impact on profit or loss and equity; and
- hedging: using interest rate derivatives for hedging management in a timely manner.

The Group measures interest rate risk mainly by analysing the sensitivity of projected net interest income under various interest rate movements (scenario analysis). The Group aims to mitigate the impact of prospective interest rate movements which might reduce future net interest income, while balancing the cost of hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, on the Group's net interest income and equity.

The effect on net interest income is the impact of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at the end of the reporting period that are subject to repricing within the coming year, including the effect of hedging instruments. The effect on equity is the impact of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate financial assets measured at FVTOCI held at the end of the reporting period, including the effect of any associated hedging instruments.

(In RMB millions, unless otherwise stated)

	31 December 2023			
	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(14,922)	(73,298)	14,922	84,941
USD	(1,320)	(6,466)	1,320	6,655
HKD	(1,439)	(95)	1,439	96
Other	1,008	(20)	(1,008)	74
Total	(16,673)	(79,879)	16,673	91,766

	31 December 2022			
	Increased by 100 basis points		Decreased by 100 basis points	
Currency	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(29,472)	(63,594)	29,472	71,723
USD	(469)	(4,663)	469	4,945
HKD	(809)	1,563	809	(1,642)
Other	458	(1,290)	(458)	1,355
Total	(30,292)	(67,984)	30,292	76,381

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the estimated movements in net interest income and equity based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions other than hedging that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same degree and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.

(In RMB millions, unless otherwise stated)

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Group's assets and liabilities:

	31 December 2023					
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	3,707,044	2,498	4,303	–	328,448	4,042,293
Due from banks and other financial institutions (i)	1,946,422	323,422	35,293	–	35,837	2,340,974
Derivative financial assets	–	–	–	–	75,339	75,339
Loans and advances to customers	9,187,465	15,369,942	528,802	245,909	54,815	25,386,933
Financial investments						
Financial investments measured at FVTPL	33,322	234,428	125,924	194,907	223,376	811,957
Financial investments measured at FVTOCI	272,320	420,740	803,302	629,586	104,914	2,230,862
Financial investments measured at amortised cost	580,346	849,538	3,198,040	4,079,888	99,037	8,806,849
Investments in associates and joint ventures	–	–	–	–	64,778	64,778
Property and equipment	–	–	–	–	298,878	298,878
Other	2,457	7,674	40,169	24,485	563,431	638,216
Total assets	15,729,376	17,208,242	4,735,833	5,174,775	1,848,853	44,697,079
Liabilities:						
Due to central banks	73,225	158,149	–	–	–	231,374
Due to banks and other financial institutions (ii)	3,415,815	924,444	13,684	10	34,011	4,387,964
Financial liabilities measured at FVTPL	3,647	633	4,847	316	53,416	62,859
Derivative financial liabilities	–	–	–	–	76,251	76,251
Certificates of deposit	181,578	180,896	19,878	–	2,846	385,198
Due to customers	17,501,563	6,643,611	8,618,565	14,862	742,573	33,521,174
Debt securities issued	172,151	311,141	193,484	678,275	14,726	1,369,777
Other	4,292	12,526	54,930	29,349	784,797	885,894
Total liabilities	21,352,271	8,231,400	8,905,388	722,812	1,708,620	40,920,491
Interest rate exposure	(5,622,895)	8,976,842	(4,169,555)	4,451,963	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

(In RMB millions, unless otherwise stated)

	31 December 2022					
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	Total
Assets:						
Cash and balances with central banks	3,096,086	2,534	4,152	–	325,120	3,427,892
Due from banks and other financial institutions (i)	1,611,486	345,007	51,637	–	48,524	2,056,654
Derivative financial assets	–	–	–	–	87,205	87,205
Loans and advances to customers	8,087,371	13,732,571	405,677	314,051	52,006	22,591,676
Financial investments						
Financial investments measured at FVTPL	32,345	212,113	87,708	188,523	226,785	747,474
Financial investments measured at FVTOCI	440,796	372,109	770,277	526,625	113,289	2,223,096
Financial investments measured at amortised cost	467,417	823,892	2,658,476	3,522,497	90,850	7,563,132
Investments in associates and joint ventures	–	–	–	–	65,790	65,790
Property and equipment	–	–	–	–	293,887	293,887
Other	351	2,634	18,290	55,653	476,412	553,340
Total assets	13,735,852	15,490,860	3,996,217	4,607,349	1,779,868	39,610,146
Liabilities:						
Due to central banks	23,009	121,734	1,038	–	–	145,781
Due to banks and other financial institutions (ii)	3,267,140	410,049	31,106	933	53,262	3,762,490
Financial liabilities measured at FVTPL	3,005	1,168	1,421	27	58,666	64,287
Derivative financial liabilities	–	–	–	–	96,350	96,350
Certificates of deposit	195,459	172,644	6,159	–	1,190	375,452
Due to customers	17,539,353	5,273,380	6,347,993	16,484	693,281	29,870,491
Debt securities issued	95,251	62,121	167,260	569,208	12,113	905,953
Other	2,459	8,304	34,116	62,243	766,801	873,923
Total liabilities	21,125,676	6,049,400	6,589,093	648,895	1,681,663	36,094,727
Interest rate exposure	(7,389,824)	9,441,460	(2,592,876)	3,958,454	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

(e) Capital management

The Group has set the following capital management objectives:

– maintain sound capital adequacy to meet regulatory and policy requirements on capital, keep stable capital base to ensure the implementation of the Group's business growth and strategic plans in order to achieve comprehensive, balanced, and sustainable development;

– adopt the advanced capital measurement approach, improve the internal capital adequacy assessment process (ICAAP), publicly disclose information on capital management, cover all types of material risks, and ensure stable operations of the Group;

– leverage on the results of quantitative assessments of material risks fully, establish a bank-wide value management mechanism with a core of economic capital, improve the aligned policies, processes, and applications in business management, strengthen the capital constraints and capital incentives mechanism, enhance the abilities of product pricing and decision-making support, and improve the capital allocation efficiency; and

– make effective use of various capital instruments, continuously enhance capital strengths, refine the capital structure, improve capital quality, reduce capital costs, and maximise shareholders' returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profiles of its business operations. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policies, issue or repurchase its own shares, eligible additional tier 1 capital instruments, eligible tier 2 capital instruments, or convertible bonds.

The Group monitors the capital adequacy ratios regularly based on regulations issued by the former CBIRC. The required information is quarterly filed with the NFRA by the Group and the Bank.

Since 1 January 2013, the Group commenced calculating the capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations. In April 2014, the former CBIRC officially approved the Bank to adopt the advanced capital management approach. Within the approved scope of risk exposures that meet the regulatory requirements, the Bank can adopt the foundation IRB approach for its corporate credit risk exposures, the IRB approach for its retail credit risk exposures, the internal model approach (IMA) for its market risk exposures, and the standardised approach for its operational risk exposures.

According to Regulation Governing Capital of Commercial Banks (Provisional), Measures for the Assessment of Systemically Important Banks, Additional Regulation of Systemically Important Banks (Provisional), and the capital surcharge applied to global systemically important banks as required by the Basel Committee on Banking Supervision, the minimum common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio of the Group shall not be lower than 9%, 10% and 12% respectively. In addition, overseas entities are directly regulated by local banking regulators, and the required capital adequacy ratios differ by countries or regions.

The Group calculates the following common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements. The requirements pursuant to these regulations may be different from those applicable in Hong Kong SAR and other jurisdictions.

The capital adequacy ratios and related data of the Group are calculated based on the statutory financial statements of the Group prepared under the PRC GAAP. During the reporting year, the Group has complied in full with all its externally imposed regulatory capital requirements.

(In RMB millions, unless otherwise stated)

The common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio of the Group calculated after implementation of the advanced capital measurement approaches approved by the former CBIRC are as follows:

	31 December 2023	31 December 2022
Common equity tier 1 capital	3,404,032	3,141,891
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,164	148,174
Surplus reserve	428,007	392,162
General reserve	561,303	496,406
Retained profits	1,905,968	1,766,288
Valid portion of minority interests	3,623	3,293
Other	560	(20,839)
Common equity tier 1 capital deductions	22,091	20,811
Goodwill	8,488	8,320
Other intangible assets other than land use rights	8,490	7,473
Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,867)	(2,962)
Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
Net common equity tier 1 capital	3,381,941	3,121,080
Additional tier 1 capital	354,978	354,915
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	647	584
Net tier 1 capital	3,736,919	3,475,995
Tier 2 capital	970,181	805,084
Valid portion of tier 2 capital instruments and related premiums	635,672	528,307
Surplus provision for loan impairment	333,382	275,764
Valid portion of minority interests	1,127	1,013
Net capital base	4,707,100	4,281,079
Risk-weighted assets (i)	24,641,631	22,225,272
Common equity tier 1 capital adequacy ratio	13.72%	14.04%
Tier 1 capital adequacy ratio	15.17%	15.64%
Capital adequacy ratio	19.10%	19.26%

(i) Refers to risk-weighted assets after the capital floor and adjustments.

51. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has established policies and internal controls with respect to the measurement of fair values, specifically the framework of fair value measurement of financial instruments, fair value measurement methodologies and operating procedures. Fair value measurement methodologies specify valuation techniques, parameter selection and relevant concepts, models and parameter-seeking methods. Operating procedures specify measurement procedures, timing of valuation, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transaction management. The Finance and Accounting Department plays a lead role in formulating accounting policies of fair value measurement, valuation methodologies and system implementation. The Risk Management Department is responsible for verifying trade details and validating models.

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 inputs: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 inputs: valuation techniques are used, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 inputs: valuation techniques are used, for which certain inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following is a description of the fair value of financial instruments measured at fair value which are determined using valuation techniques. They incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments

Financial investments that use valuation techniques for their valuation include debt securities, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. The Group values such investments by incorporating either only observable data or both observable and unobservable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected default rates, prepayment rates, discount rates and market liquidity.

The majority of the debt securities investments classified as level 2 are RMB bonds. The fair values of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

Derivatives

Derivatives that use valuation techniques with market observable inputs are mainly interest rate swaps, currency forwards, swaps and options. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves.

Structured derivatives are mainly valued using dealer's quotations.

Loans and advances to customers

The loans and advances to customers that use valuation techniques for valuation are mainly the bills and discounted cash flow model is used. For bank acceptance bill, based on the different credit risk of the acceptor, interest rate yield curve is set up using the actual market data; for commercial bill, based on the interbank offered rate, interest rate yield curve is constructed, with spreads adjusted for credit risk and liquidity.

Other liabilities at fair value through profit or loss

For unquoted other liabilities at FVTPL, discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on parameters including yields, foreign exchange forward rates, foreign exchange rate volatilities, which are calibrated by active market quotes of standard European option with the same underlying items.

(In RMB millions, unless otherwise stated)

(a) Financial instruments measured at fair value

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial assets	3,333	71,491	515	75,339
Reverse repurchase agreements measured at FVTPL	–	40,514	–	40,514
Loans and advances to customers measured at FVTPL	–	5,990	114	6,104
Loans and advances to customers measured at FVTOCI	–	1,295,585	–	1,295,585
Financial investments measured at FVTPL				
Debt securities investments	21,412	515,389	3,368	540,169
Equity investments	19,885	10,935	74,226	105,046
Funds and other investments	37,443	87,942	41,357	166,742
	78,740	614,266	118,951	811,957
Financial investments measured at FVTOCI				
Debt securities investments	338,551	1,804,101	–	2,142,652
Other debt investments	–	5,421	–	5,421
Equity investments	8,761	33,556	40,472	82,789
	347,312	1,843,078	40,472	2,230,862
	429,385	3,870,924	160,052	4,460,361
Financial liabilities:				
Due to customers	–	202,976	–	202,976
Repurchase agreements	–	28,174	–	28,174
Financial liabilities measured at FVTPL	1,462	59,559	1,838	62,859
Derivative financial liabilities	3,133	71,939	1,179	76,251
	4,595	362,648	3,017	370,260

(In RMB millions, unless otherwise stated)

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial assets	3,730	82,589	886	87,205
Reverse repurchase agreements measured at FVTPL	–	154,974	–	154,974
Loans and advances to customers measured at FVTPL	–	2,671	109	2,780
Loans and advances to customers measured at FVTOCI	–	1,155,879	–	1,155,879
Financial investments measured at FVTPL				
Debt securities investments	32,905	457,187	3,158	493,250
Equity investments	16,925	12,334	68,484	97,743
Funds and other investments	34,460	85,701	36,320	156,481
	84,290	555,222	107,962	747,474
Financial investments measured at FVTOCI				
Debt securities investments	333,378	1,790,966	362	2,124,706
Other debt investments	–	5,264	–	5,264
Equity investments	7,792	38,310	47,024	93,126
	341,170	1,834,540	47,386	2,223,096
	429,190	3,785,875	156,343	4,371,408
Financial liabilities:				
Due to customers	–	235,414	–	235,414
Repurchase agreements	–	144,959	–	144,959
Financial liabilities measured at FVTPL	761	62,215	1,311	64,287
Derivative financial liabilities	4,203	89,962	2,185	96,350
	4,964	532,550	3,496	541,010

(In RMB millions, unless otherwise stated)

(b) Movement of level 3 financial instruments measured at fair value

The following tables show the movement of level 3 financial assets and financial liabilities measured at fair value:

	1 January 2023	Total gains/(losses) recorded in profit or loss	Total effects in other comprehensive income	Additions	Disposals and settlements	Transfer in/(out) of level 3	31 December 2023
Financial assets:							
Derivative financial assets	886	177	–	24	(587)	15	515
Loans and advances to customers measured at FVTPL	109	14	–	–	(9)	–	114
Financial investments measured at FVTPL							
Debt securities investments	3,158	412	–	511	(800)	87	3,368
Equity investments	68,484	(99)	–	16,612	(10,237)	(534)	74,226
Funds and other investments	36,320	588	–	10,484	(6,035)	–	41,357
Financial investments measured at FVTOCI							
Debt securities investments	362	–	–	–	(362)	–	–
Equity investments	47,024	–	1,495	1,488	(9,535)	–	40,472
	156,343	1,092	1,495	29,119	(27,565)	(432)	160,052
Financial liabilities:							
Financial liabilities measured at FVTPL	(1,311)	(156)	–	(595)	224	–	(1,838)
Derivative financial liabilities	(2,185)	675	–	(77)	396	12	(1,179)
	(3,496)	519	–	(672)	620	12	(3,017)

	1 January 2022	Total gains/(losses) recorded in profit or loss	Total effects in other comprehensive income	Additions	Disposals and settlements	Transfer (out)/in of level 3	31 December 2022
Financial assets:							
Derivative financial assets	1,066	848	–	88	(1,080)	(36)	886
Loans and advances to customers measured at FVTPL	106	12	–	102	(111)	–	109
Financial investments measured at FVTPL							
Debt securities investments	3,840	(218)	–	1,111	(2,149)	574	3,158
Equity investments	58,687	582	–	14,959	(5,744)	–	68,484
Funds and other investments	32,799	(2)	–	9,164	(3,478)	(2,163)	36,320
Financial investments measured at FVTOCI							
Debt securities investments	2,827	1	(2)	363	(2,764)	(63)	362
Equity investments	53,839	–	(1,198)	2,677	(6,320)	(1,974)	47,024
	153,164	1,223	(1,200)	28,464	(21,646)	(3,662)	156,343
Financial liabilities:							
Financial liabilities measured at FVTPL	(567)	(74)	–	(340)	167	(497)	(1,311)
Derivative financial liabilities	(1,426)	(2,174)	–	(14)	1,022	407	(2,185)
	(1,993)	(2,248)	–	(354)	1,189	(90)	(3,496)

(In RMB millions, unless otherwise stated)

Net gains or losses on level 3 financial instruments of the Group are set out below:

	2023	2022
Realised	391	(298)
Unrealised	1,220	(727)
	1,611	(1,025)

(c) Transfers between levels

(i) Transfers between level 1 and level 2

Due to changes in market conditions for certain securities, quoted prices in active markets were available for these securities. Therefore, these securities were transferred from level 2 to level 1 of the fair value hierarchy as at the end of the reporting period.

Due to changes in market conditions for certain securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities were transferred from level 1 to level 2 of the fair value hierarchy as at the end of the reporting period.

In 2023 and 2022, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities measured at fair value of the Group were not significant.

(ii) Transfers between level 2 and level 3

At the end of the reporting period, certain financial instruments were transferred out from level 2 to level 3 of the fair value hierarchy for financial assets and liabilities when significant inputs used in their fair value measurements, which were previously observable became unobservable.

At the end of the reporting period, certain financial instruments were transferred out from level 3 of the fair value hierarchy for financial assets and liabilities, when significant inputs used in their fair value measurements, which were previously unobservable became observable, or when there was a change in valuation technique.

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs primarily include certain structured financial derivatives, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. These financial instruments are valued using discounted cash flow model, net asset value method and market comparison approach. The models incorporate various unobservable assumptions such as expected default rates, prepayment rates, discount rates and market liquidity.

As at 31 December 2023, the effects of changing the significant unobservable assumptions to reasonably possible alternative assumptions were not significant (31 December 2022: not significant).

(In RMB millions, unless otherwise stated)

(e) Fair value of financial assets and financial liabilities not carried at fair value

There are no significant differences between the carrying amount and the fair value of financial assets and financial liabilities not measured at fair value, except for the following items:

	31 December 2023				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	8,806,849	9,083,501	75,260	8,830,559	177,682
Financial liabilities					
Subordinated bonds and tier 2 capital bonds issued	704,129	705,809	–	705,809	–

	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost	7,563,132	7,728,298	42,594	7,503,935	181,769
Financial liabilities					
Subordinated bonds and tier 2 capital bonds issued	591,630	594,718	–	594,718	–

Subject to the existence of an active market, such as an authorised stock exchange, the market value is the best reflection of the fair value of a financial instrument. As there is no available market value for certain financial assets held and financial liabilities issued by the Group, discounted cash flow or other valuation methods described below are adopted to determine the fair values of these financial assets and financial liabilities:

(i) The fair values of financial investments measured at amortised cost relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of financial investments measured at amortised cost irrelevant to the restructuring of the Bank are determined based on the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) The fair values of subordinated bonds and tier 2 capital bonds issued are determined with reference to the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

All of the aforementioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group’s financial assets and financial liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

(In RMB millions, unless otherwise stated)

52. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

The statement of financial position of the Bank is set out below.

	31 December 2023	31 December 2022 (restated)
ASSETS		
Cash and balances with central banks	3,983,898	3,347,555
Due from banks and other financial institutions	1,209,201	1,357,208
Derivative financial assets	52,312	51,163
Reverse repurchase agreements	1,144,948	686,682
Loans and advances to customers	24,618,384	21,761,362
Financial investments	11,011,574	9,748,008
Financial investments measured at FVTPL	504,918	466,374
Financial investments measured at FVTOCI	1,913,887	1,928,908
Financial investments measured at amortised cost	8,592,769	7,352,726
Investments in subsidiaries	163,283	163,283
Investments in associates	36,042	36,183
Property and equipment	123,642	127,907
Deferred tax assets	103,196	100,306
Other assets	458,765	371,880
TOTAL ASSETS	42,905,245	37,751,537
LIABILITIES		
Due to central banks	231,349	145,763
Due to banks and other financial institutions	3,250,269	3,106,929
Financial liabilities measured at FVTPL	52,306	55,936
Derivative financial liabilities	51,234	59,300
Repurchase agreements	949,247	400,490
Certificates of deposit	370,623	317,123
Due to customers	32,621,398	28,986,751
Income tax payable	61,462	82,932
Debt securities issued	1,250,598	786,799
Other liabilities	465,975	451,633
TOTAL LIABILITIES	39,304,461	34,393,656
EQUITY		
Share capital	356,407	356,407
Other equity instruments	354,331	354,331
Preference shares	134,614	134,614
Perpetual bonds	219,717	219,717
Reserves	1,139,911	1,022,148
Retained profits	1,750,135	1,624,995
TOTAL EQUITY	3,600,784	3,357,881
TOTAL LIABILITIES AND EQUITY	42,905,245	37,751,537

Liao Lin	**Wang Jingwu**	**Xu Zhisheng**
Chairman	Executive Director	Person in charge of Finance and Accounting Department

(In RMB millions, unless otherwise stated)

The statement of changes in equity of the Bank is set out below.

			Reserves									
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total equity
Balance as at 1 January 2022	356,407	354,331	153,348	350,397	426,714	24,106	(4,773)	(3,996)	2	945,798	1,486,265	3,142,801
Profit for the year	–	–	–	–	–	–	–	–	–	–	346,056	346,056
Other comprehensive income	–	–	–	–	–	(15,593)	3,245	907	(191)	(11,632)	–	(11,632)
Total comprehensive income	–	–	–	–	–	(15,593)	3,245	907	(191)	(11,632)	346,056	334,424
Dividends – ordinary shares 2021 final (Note 17)	–	–	–	–	–	–	–	–	–	–	(104,534)	(104,534)
Distributions to other equity instrument holders (Note 17)	–	–	–	–	–	–	–	–	–	–	(14,810)	(14,810)
Appropriation to surplus reserve (i)	–	–	–	34,411	–	–	–	–	–	34,411	(34,411)	–
Appropriation to general reserve	–	–	–	–	53,571	–	–	–	–	53,571	(53,571)	–
Balance as at 31 December 2022 and 1 January 2023	356,407	354,331	153,348	384,808	480,285	8,513	(1,528)	(3,089)	(189)	1,022,148	1,624,995	3,357,881
Profit for the year	–	–	–	–	–	–	–	–	–	–	347,516	347,516
Other comprehensive income	–	–	–	–	–	17,821	794	(39)	(56)	18,520	–	18,520
Total comprehensive income	–	–	–	–	–	17,821	794	(39)	(56)	18,520	347,516	366,036
Dividends – ordinary shares 2022 final (Note 17)	–	–	–	–	–	–	–	–	–	–	(108,169)	(108,169)
Distributions to other equity instrument holders (Note 17)	–	–	–	–	–	–	–	–	–	–	(14,964)	(14,964)
Appropriation to surplus reserve (i)	–	–	–	34,981	–	–	–	–	–	34,981	(34,981)	–
Appropriation to general reserve	–	–	–	–	64,264	–	–	–	–	64,264	(64,264)	–
Other comprehensive income carried forward to retained earnings	–	–	–	–	–	(2)	–	–	–	(2)	2	–
Balance as at 31 December 2023	356,407	354,331	153,348	419,789	544,549	26,332	(734)	(3,128)	(245)	1,139,911	1,750,135	3,600,784

(i) Includes the appropriation made by overseas branches in the amount of RMB112 million (2022: RMB68 million).

53. EVENTS AFTER THE REPORTING PERIOD

A final dividend of RMB0.3064 (pre-tax) per share after the appropriation of statutory surplus reserve and general reserve, was approved at the board of directors' meeting held on 27 March 2024, and is subject to the approval of the Bank's shareholders at the forthcoming annual general meeting. Based on the number of ordinary shares issued as at 31 December 2023, the final dividend amounted to approximately RMB109,203 million in total. The dividend payable was not recognised as a liability in the consolidated financial statements.

54. COMPARATIVE FIGURES

In accordance with the requirements of the New Insurance Contract standards and the Provisional Regulation Governing Gold Leasing Business, the Group has implemented the aforesaid requirements from 2023 onwards and adjusted certain comparative figures accordingly to conform to the current reporting period's presentation.

55. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 27 March 2024.

(In RMB millions, unless otherwise stated)

1. Statement of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under IFRSs and PRC GAAP for the year ended 31 December 2023 and 2022. There are no differences between the equity attributable to equity holders of the parent company under IFRSs and PRC GAAP as at 31 December 2023 and 31 December 2022.

2. Currency concentrations

	31 December 2023			
	USD	HKD	Other	Total
Spot assets	2,069,540	493,862	1,105,223	3,668,625
Spot liabilities	(1,977,668)	(583,968)	(827,181)	(3,388,817)
Forward purchases	2,555,132	307,986	524,807	3,387,925
Forward sales	(2,784,831)	(124,849)	(758,157)	(3,667,837)
Net option position	(20,223)	2,185	(12,736)	(30,774)
Net (short)/long position	(158,050)	95,216	31,956	(30,878)
Net structural position	146,012	870	26,781	173,663

	31 December 2022			
	USD	HKD	Other	Total
Spot assets	2,249,216	531,400	1,079,851	3,860,467
Spot liabilities	(2,089,919)	(525,235)	(754,849)	(3,370,003)
Forward purchases	1,732,590	247,474	453,110	2,433,174
Forward sales	(2,002,155)	(96,680)	(691,849)	(2,790,684)
Net option position	14,142	1,468	(3,292)	12,318
Net (short)/long position	(96,126)	158,427	82,971	145,272
Net structural position	138,963	832	27,494	167,289

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

– property and equipment, net of depreciation charges;

– capital and statutory reserves of overseas branches; and

– investments in overseas subsidiaries, associates and joint ventures.

(In RMB millions, unless otherwise stated)

3. Loans and advances to customers (excluding accrued interest)

(i) Overdue loans and advances to customers

	31 December 2023	31 December 2022
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	38,972	30,627
Between 6 and 12 months	62,917	48,882
Over 12 months	121,299	110,720
	223,188	190,229
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.15%	0.13%
Between 6 and 12 months	0.24%	0.21%
Over 12 months	0.46%	0.48%
	0.85%	0.82%

The definition of overdue loans and advances to customers is as follows:

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

For loans and advances to customers repayable by regular instalments, if part of the instalments is overdue, the whole amount of the loans and advances would be classified as overdue.

(ii) Overdue loans and advances to customers by geographical distribution

	31 December 2023	31 December 2022
Head Office	46,984	42,383
Bohai Rim	48,059	45,934
Western China	53,866	41,139
Central China	42,126	39,140
Pearl River Delta	54,727	48,177
Yangtze River Delta	33,009	26,399
Northeastern China	18,899	25,550
Overseas and other	32,754	15,309
	330,424	284,031

(iii) Rescheduled loans and advances to customers

	31 December 2023		31 December 2022	
		% of total loans and advances to customers		% of total loans and advances to customers
Rescheduled loans and advances to customers	82,723	0.32%	26,229	0.11%
Less: Rescheduled loans and advances to customers overdue for more than three months	(8,575)	(0.03%)	(2,281)	(0.01%)
Rescheduled loans and advances to customers overdue for less than three months	74,148	0.29%	23,948	0.10%

(In RMB millions, unless otherwise stated)

4. Exposures to non-bank entities in Chinese mainland

The Bank is a commercial bank incorporated in Chinese mainland with its banking business primarily conducted in Chinese mainland. As at 31 December 2023 and 31 December 2022, substantial amounts of the Bank's exposures arose from businesses with entities or individuals in Chinese mainland. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

5. Correspondence between balance sheet in published financial statements and capital composition

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jian Fa, [2013] No. 33) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

(i) Capital composition

Items		31 December 2023	31 December 2022	Reference
Common equity tier 1 capital:				
1	Paid-in capital	356,407	356,407	X18
2	Retained earnings	2,895,278	2,654,856	
2a	Surplus reserve	428,007	392,162	X21
2b	General reserve	561,303	496,406	X22
2c	Retained profits	1,905,968	1,766,288	X23
3	Accumulated other comprehensive income (and other public reserve)	148,724	127,335	
3a	Capital reserve	148,164	148,174	X19
3b	Other	560	(20,839)	X24
4	Valid portion to common equity tier 1 capital during the transition period (only applicable to non-joint stock companies. Fill in 0 for joint stock banks)	–	–	
5	Valid portion of minority interests	3,623	3,293	X25
6	**Common equity tier 1 capital before regulatory adjustments**	**3,404,032**	**3,141,891**	
Common equity tier 1 capital: Regulatory adjustments				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of deferred tax liabilities)	8,488	8,320	X16
9	Other intangible assets other than land use rights (net of deferred tax liabilities)	8,490	7,473	X14-X15
10	Deferred tax assets that rely on future profits excluding those arising from temporary differences (net of deferred tax liabilities)	–	–	
11	Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,867)	(2,962)	X20
12	Shortfall of provision for loan impairment	–	–	
13	Gain on sales related to asset securitisation	–	–	
14	Unrealised gains and losses due to changes in own credit risk on fair-valued liabilities	–	–	
15	Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	

(In RMB millions, unless otherwise stated)

Items		31 December 2023	31 December 2022	Reference
16	Direct or indirect investments in own ordinary shares	–	–	
17	Reciprocal cross-holdings in common equity tier 1 capital between banks, or between banks and other financial institutions	–	–	
18	Deductible amount of non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
19	Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
20	Mortgage servicing rights	N/A	N/A	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)	–	–	
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences (net of deferred tax liabilities)	–	–	
23	Including: Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions	–	–	
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A	
25	Including: Deductible amount in deferred tax assets arising from temporary differences	–	–	
26a	Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980	X11
26b	Shortfall in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
26c	Other that should be deducted from common equity tier 1 capital	–	–	
27	Undeducted shortfall that should be deducted from additional tier 1 capital and tier 2 capital	–	–	
28	**Total regulatory adjustments to common equity tier 1 capital**	**22,091**	**20,811**	
29	**Common equity tier 1 capital**	**3,381,941**	**3,121,080**	
Additional tier 1 capital:				
30	Additional tier 1 capital instruments and related premiums	354,331	354,331	
31	Including: Portion classified as equity	354,331	354,331	X28+X32
32	Including: Portion classified as liabilities	–	–	

(In RMB millions, unless otherwise stated)

Items		31 December 2023	31 December 2022	Reference
33	Invalid instruments to additional tier 1 capital after the transition period	–	–	
34	Valid portion of minority interests	647	584	X26
35	Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
36	**Additional tier 1 capital before regulatory adjustments**	**354,978**	**354,915**	
Additional tier 1 capital: Regulatory adjustments				
37	Direct or indirect investments in own additional tier 1 instruments	–	–	
38	Reciprocal cross-holdings in additional tier 1 capital between banks, or between banks and other financial institutions	–	–	
39	Deductible amount of non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40	Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a	Investments in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b	Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c	Other that should be deducted from additional tier 1 capital	–	–	
42	Undeducted shortfall that should be deducted from tier 2 capital	–	–	
43	**Total regulatory adjustments to additional tier 1 capital**	**–**	**–**	
44	**Additional tier 1 capital**	**354,978**	**354,915**	
45	**Tier 1 capital (common equity tier 1 capital + additional tier 1 capital)**	**3,736,919**	**3,475,995**	
Tier 2 capital:				
46	Tier 2 capital instruments and related premiums	635,672	528,307	X17
47	Invalid instruments to tier 2 capital after the transition period	–	–	
48	Valid portion of minority interests	1,127	1,013	X27
49	Including: Invalid portion to tier 2 capital after the transition period	–	–	
50	Valid portion of surplus provision for loan impairment	333,382	275,764	X02+X04
51	**Tier 2 capital before regulatory adjustments**	**970,181**	**805,084**	

(In RMB millions, unless otherwise stated)

Items		31 December 2023	31 December 2022	Reference
Tier 2 capital: Regulatory adjustments				
52	Direct or indirect investments in own tier 2 instruments	–	–	
53	Reciprocal cross-holdings in tier 2 capital between banks, or between banks and other financial institutions	–	–	
54	Deductible portion of non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
55	Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	–	X31
56a	Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56b	Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
56c	Other that should be deducted from tier 2 capital	–	–	
57	**Total regulatory adjustments to tier 2 capital**	**–**	**–**	
58	**Tier 2 capital**	**970,181**	**805,084**	
59	**Total capital (tier 1 capital+ tier 2 capital)**	**4,707,100**	**4,281,079**	
60	**Total risk-weighted assets**	**24,641,631**	**22,225,272**	
Requirements for capital adequacy ratio and reserve capital				
61	Common equity tier 1 capital adequacy ratio	13.72%	14.04%	
62	Tier 1 capital adequacy ratio	15.17%	15.64%	
63	Capital adequacy ratio	19.10%	19.26%	
64	Institution specific buffer requirements	4.0%	4.0%	
65	Including: Capital conservation buffer requirements	2.5%	2.5%	
66	Including: Countercyclical buffer requirements	–	–	
67	Including: G-SIB buffer requirements	1.5%	1.5%	
68	Percentage of common equity tier 1 capital meeting buffers to risk-weighted assets	8.72%	9.04%	
Domestic minima for regulatory capital				
69	Common equity tier 1 capital adequacy ratio	5.0%	5.0%	
70	Tier 1 capital adequacy ratio	6.0%	6.0%	
71	Capital adequacy ratio	8.0%	8.0%	
Amounts below the thresholds for deduction				
72	Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	182,842	176,987	X05+X07+X08+X09+X12+X29+X30
73	Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	29,712	30,838	X06+X10+X13
74	Mortgage servicing rights (net of deferred tax liabilities)	N/A	N/A	
75	Deferred tax assets arising from temporary differences (net of deferred tax liabilities)	103,831	101,072	

(In RMB millions, unless otherwise stated)

Items		31 December 2023	31 December 2022	Reference
Valid caps of surplus provision for loan impairment in tier 2 capital				
76	Provision for loan impairment under the weighted approach	36,710	31,195	X01
77	Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	5,427	19,820	X02
78	Surplus provision for loan impairment under the internal ratings-based approach	719,291	641,029	X03
79	Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	327,955	255,944	X04
Capital instruments subject to phase-out arrangements				
80	Valid cap to common equity tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
81	Excluded from common equity tier 1 capital due to cap	–	–	
82	Valid cap to additional tier 1 capital instruments for the current period due to phase-out arrangements	–	–	
83	Excluded from additional tier 1 capital due to cap	–	–	
84	Valid cap to tier 2 capital instruments for the current period due to phase-out arrangements	–	–	
85	Excluded from tier 2 capital for the current period due to cap	38,000	38,000	

(In RMB millions, unless otherwise stated)

(ii) Consolidated financial statements

	31 December 2023 Consolidated balance sheet as in published financial statements*	31 December 2023 Balance sheet under regulatory scope of consolidation*	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
Assets				
Cash and balances with central banks	4,042,293	4,042,293	3,427,892	3,427,892
Due from banks and other financial institutions	414,258	378,539	365,733	323,131
Precious metals	139,425	139,425	123,858	123,858
Placements with banks and other financial institutions	702,459	702,459	826,799	826,799
Derivative financial assets	75,339	75,339	87,205	87,205
Reverse repurchase agreements	1,224,257	1,216,562	864,122	858,304
Loans and advances to customers	25,386,933	25,386,933	22,591,676	22,591,551
Financial investments	11,849,668	11,586,558	10,533,702	10,302,218
Financial investments measured at FVTPL	811,957	686,139	747,474	637,851
Financial investments measured at FVTOCI	2,230,862	2,112,431	2,223,096	2,115,023
Financial investments measured at amortised cost	8,806,849	8,787,988	7,563,132	7,549,344
Long-term equity investments	64,778	72,758	65,790	73,858
Fixed assets	272,832	272,738	274,839	274,771
Construction in progress	24,186	24,156	17,072	17,002
Deferred tax assets	104,669	103,831	101,117	101,072
Other assets	395,982	385,866	330,341	328,398
Total assets	44,697,079	44,387,457	39,610,146	39,336,059
Liabilities				
Due to central banks	231,374	231,374	145,781	145,781
Due to banks and other financial institutions	2,841,385	2,841,385	2,664,901	2,664,901
Placements from banks and other financial institutions	528,473	528,473	522,811	522,811
Financial liabilities measured at FVTPL	62,859	62,716	64,287	64,126
Derivative financial liabilities	76,251	76,251	96,350	96,350
Repurchase agreements	1,018,106	1,007,607	574,778	573,279
Certificates of deposit	385,198	385,198	375,452	375,452
Due to customers	33,521,174	33,522,328	29,870,491	29,870,491
Employee benefits payable	52,098	51,693	49,413	49,034
Taxes payable	79,263	79,171	102,074	102,031
Debt securities issued	1,369,777	1,364,630	905,953	900,807
Deferred tax liabilities	3,930	3,857	3,950	3,706
Other liabilities	750,603	465,166	718,486	462,600
Total liabilities	40,920,491	40,619,849	36,094,727	35,831,369

(In RMB millions, unless otherwise stated)

	31 December 2023 Consolidated balance sheet as in published financial statements*	31 December 2023 Balance sheet under regulatory scope of consolidation*	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
Equity				
Share capital	356,407	356,407	356,407	356,407
Other equity instruments	354,331	354,331	354,331	354,331
Preference shares	134,614	134,614	134,614	134,614
Perpetual bonds	219,717	219,717	219,717	219,717
Capital reserve	148,164	148,164	148,174	148,174
Other comprehensive income	(4,078)	560	(23,756)	(20,839)
Surplus reserve	428,359	428,007	392,487	392,162
General reserve	561,637	561,303	496,719	496,406
Retained profits	1,912,067	1,905,968	1,771,747	1,766,288
Equity attributable to equity holders of the parent company	3,756,887	3,754,740	3,496,109	3,492,929
Minority interests	19,701	12,868	19,310	11,761
Total equity	3,776,588	3,767,608	3,515,419	3,504,690

(*) Prepared in accordance with PRC GAAP.

(iii) Description of related items

Items	31 December 2023 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	25,386,933	
Total loans and advances to customers	26,142,934	
Less: Provision for loan impairment under the weighted approach	36,710	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	5,427	X02
Less: Provision for loan impairment under the internal ratings-based approach	719,291	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	327,955	X04
Financial investments		
Financial investments measured at FVTPL	686,139	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	50	X05
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	166	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	176	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	163,171	X08

(In RMB millions, unless otherwise stated)

Items	31 December 2023 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at FVTOCI	2,112,431	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	16,623	X09
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,265	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29
Financial investments measured at amortised cost	8,787,988	
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X30
Including: Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X31
Long-term equity investments	72,758	
Including: Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	X11
Including: Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	2,822	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	27,281	X13
Other assets	385,866	
Interest receivable	3,425	
Intangible assets	22,854	X14
Including: Land use rights	14,364	X15
Other receivables	200,712	
Goodwill	8,488	X16
Long-term deferred expenses	7,060	
Repossessed assets	3,432	
Other	139,895	
Debt securities issued	1,364,630	
Including: Valid portion of tier 2 capital instruments and their premiums	635,672	X17
Share capital	356,407	X18
Other equity instruments	354,331	
Including: Preference shares	134,614	X28
Including: Perpetual bonds	219,717	X32
Capital reserve	148,164	X19

(In RMB millions, unless otherwise stated)

Items	31 December 2023 Balance sheet under regulatory scope of consolidation	Reference
Other comprehensive income	560	X24
Reserve for changes in fair value of financial assets	21,160	
Reserve for cash flow hedging	(2,901)	
Including: Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,867)	X20
Changes in share of other owners' equity of associates and joint ventures	(748)	
Foreign currency translation reserve	(15,948)	
Other	(1,003)	
Surplus reserve	428,007	X21
General reserve	561,303	X22
Retained profits	1,905,968	X23
Minority interests	12,868	
Including: Valid portion of common equity tier 1 capital	3,623	X25
Including: Valid portion of additional tier 1 capital	647	X26
Including: Valid portion of tier 2 capital	1,127	X27

(iv) Main features of eligible capital instruments

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/Hong Kong SAR, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Instrument type	Common equity tier 1 capital instrument	Common equity tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB342,731	RMB170,503	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 18 November 2020, in full or partial amount	The First Redemption Date is 24 September 2024, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	4.5% (dividend rate) before 23 November 2020, 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Including: If convertible, specify instrument type convertible into	N/A	N/A	Common equity tier 1 capital	Common equity tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	4620	1928018	2128021	Regulation S ISIN: XS2383421711
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	The Notes and any other non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. However, the provisions in the terms and conditions of the Notes relating to subordination of the Notes shall be governed by and construed in accordance with PRC law and regulations
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 19,687	RMB79,987	RMB69,992	RMB equivalent 39,742
Par value of instrument (in millions)	USD2,900	RMB80,000	RMB70,000	USD6,160
Accounting treatment	Other equity	Other equity	Other equity	Other equity
Original date of issuance	23 September 2020	26 July 2019	4 June 2021	24 September 2021

(In RMB millions, unless otherwise stated)

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 8 June 2026, in full or partial amount	The First Redemption Date is 24 September 2026, in full or partial amount
Including: Subsequent call dates, if applicable	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026	3.20% (interest rate) before 24 September 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Yes	No	No	No
Including: If convertible, conversion trigger(s)	Non-viability Trigger Event	N/A	N/A	N/A
Including: If convertible, fully or partially	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	N/A	N/A
Including: If convertible, conversion rate	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	Mandatory	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	Common equity tier 1 capital	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	The Bank	N/A	N/A	N/A

Main features of regulatory capital instruments	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Write-down feature	No	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Non-viability Trigger Event	Non-viability Trigger Event
Including: If write-down, full or partial	N/A	Full or partial write-down when an Additional Tier 1 Capital Trigger Event occurs; full write-down when a Tier 2 Capital Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs	Full or partial write-down when a Non-viability Trigger Event occurs
Including: If write-down, permanent or temporary	N/A	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2128044	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1928006	1928007
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument

Main features of regulatory capital instruments	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB29,997	RMB equivalent 5,672	RMB45,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	USD2,000	RMB45,000	RMB10,000
Accounting treatment	Other equity	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 November 2021	21 September 2015	21 March 2019	21 March 2019
Perpetual or dated	Perpetual	Dated	Dated	Dated
Including: Original maturity date	No maturity date	21 September 2025	25 March 2029	25 March 2034
Issuer call (subject to prior supervisory approval)	Yes	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 26 November 2026 in full or partial amount	N/A	25 March 2024, in full amount	25 March 2029, in full amount
Including: Subsequent call dates, if applicable	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.65% (interest rate) before 26 November 2026	4.875%	4.26%	4.51%
Including: Existence of a dividend stopper	Yes	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability Trigger Event	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Full or partial write-down when a Non-viability Trigger Event occurs	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation				
(specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to depositor and general creditor, pari passu with other subordinated debts	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928011	1928012	2028041	2028049
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 April 2019	24 April 2019	22 September 2020	12 November 2020
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	26 April 2029	26 April 2034	24 September 2030	16 November 2030
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount	16 November 2025, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.40%	4.69%	4.20%	4.15%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028050	2128002	2128051	2128052
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	19 January 2021	13 December 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2035	21 January 2031	15 December 2031	15 December 2036
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	16 November 2030, in full amount	21 January 2026, in full amount	15 December 2026, in full amount	15 December 2031, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.45%	4.15%	3.48%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2228004	2228005	2228024	2228025
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Par value of instrument (in millions)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 January 2022	18 January 2022	12 April 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	20 January 2032	20 January 2037	14 April 2032	14 April 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	20 January 2027, in full amount	20 January 2032, in full amount	14 April 2027, in full amount	14 April 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.28%	3.60%	3.50%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	092280065	092280066	092280134	092280135
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 August 2022	18 August 2022	8 November 2022	8 November 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 August 2032	22 August 2037	10 November 2032	10 November 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 August 2027, in full amount	22 August 2032, in full amount	10 November 2027, in full amount	10 November 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.02%	3.32%	3.00%	3.34%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned feature	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	232280007	232280008	232380015	232380016
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB25,000	RMB5,000	RMB35,000	RMB20,000
Par value of instrument (in millions)	RMB25,000	RMB5,000	RMB35,000	RMB20,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	20 December 2022	20 December 2022	10 April 2023	10 April 2023
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 December 2032	22 December 2037	12 April 2033	12 April 2038
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 December 2027, in full amount	22 December 2032, in full amount	12 April 2028, in full amount	12 April 2033, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.70%	3.85%	3.49%	3.58%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank
Unique identifier	232380036	232380037
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment		
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB25,000
Par value of instrument (in millions)	RMB30,000	RMB25,000
Accounting treatment	Debt securities issued	Debt securities issued
Original date of issuance	28 August 2023	28 August 2023
Perpetual or dated	Dated	Dated
Including: Original maturity date	30 August 2033	30 August 2038
Issuer call (subject to prior supervisory approval)	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	30 August 2028, in full amount	30 August 2033, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends		
Including: Fixed or floating dividend/coupon	Fixed	Fixed
Including: Coupon rate and any related index	3.07%	3.18%
Including: Existence of a dividend stopper	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A
Write-down feature	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	Whichever occurs earlier: (i) NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No
Including: If yes, specify non-compliant features	N/A	N/A

(In RMB millions, unless otherwise stated)

6. Disclosure of Leverage Ratio

The following information is disclosed in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015).

(i) Correspondence between Regulatory Leverage Ratio Items and Accounting Items and their differences

S/N	Items	31 December 2023	31 December 2022
1	Total consolidated assets as per published financial statements	44,697,079	39,610,146
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(309,622)	(274,087)
3	Adjustments for fiduciary assets	–	–
4	Adjustments for derivative financial instruments	114,745	97,074
5	Adjustment for securities financing transactions	8,650	39,728
6	Adjustment for off-balance sheet items	2,489,886	2,328,504
7	Other adjustments	(22,091)	(20,811)
8	Balance of adjusted on- and off-balance sheet assets	46,978,647	41,780,554

(ii) Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On- and Off-balance Sheet Assets and Related Information

S/N	Items	31 December 2023	31 December 2022
1	On-balance sheet items (excluding derivatives and SFTs)	43,095,556	38,689,986
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(22,091)	(20,811)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	43,073,465	38,669,175
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	88,029	94,240
5	Add-on amounts for PFE associated with all derivatives transactions	100,331	84,921
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	–	–
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	–	–
8	Less: Exempted CCP leg of client-cleared trade exposures	–	(58)
9	Effective notional amount of written credit derivatives	18,815	25,369
10	Less: Adjusted effective notional deductions for written credit derivatives	(17,091)	(20,193)
11	Total derivative exposures	190,084	184,279
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,216,562	558,868
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	–	–
14	CCR exposure for SFT assets	8,650	39,728
15	Agent transaction exposures	–	–
16	Total securities financing transaction exposures	1,225,212	598,596
17	Off-balance sheet exposure at gross notional amount	8,032,036	7,056,225
18	Less: Adjustments for conversion to credit equivalent amounts	(5,542,150)	(4,727,721)
19	Balance of adjusted off-balance sheet assets	2,489,886	2,328,504
20	Net tier 1 capital	3,736,919	3,475,995
21	Balance of adjusted on- and off-balance sheet assets	46,978,647	41,780,554
22	Leverage ratio	7.95%	8.32%

(In RMB millions, unless otherwise stated)

7. Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Capital Management Approach

The Group discloses liquidity coverage ratio using Advanced Capital Management Approach in accordance with Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks (Yin Jian Fa [2015] No. 52).

		Fourth-quarter 2023	
S/N	Items	Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		7,303,208
Cash outflows			
2	Retail deposits and deposits from small business customers of which:	17,127,129	1,709,451
3	Stable deposits	51,899	1,928
4	Less stable deposits	17,075,230	1,707,523
5	Unsecured wholesale funding, of which:	17,212,843	6,173,534
6	Operational deposits (excluding those generated from correspondent banking activities)	8,373,703	2,036,283
7	Non-operational deposits (all counterparties)	8,752,260	4,050,371
8	Unsecured debt	86,880	86,880
9	Secured funding		11,859
10	Additional requirements, of which:	3,631,265	1,441,553
11	Outflows related to derivative exposures and other collateral requirements	1,250,518	1,250,518
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	2,380,747	191,035
14	Other contractual funding obligations	89,038	89,019
15	Other contingent funding obligations	6,668,947	96,472
16	Total cash outflows		9,521,888
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	1,167,241	914,067
18	Inflows from fully performing exposures	2,096,795	1,367,885
19	Other cash inflows	1,245,113	1,243,030
20	Total cash inflows	4,509,149	3,524,982
			Total Adjusted Value
21	Total HQLA		7,303,208
22	Total net cash outflows		5,996,906
23	Liquidity coverage ratio (%)		122.03%

Data of the above table are the simple arithmetic average of the 92 calendar days' figures of the recent quarter.

(In RMB millions, unless otherwise stated)

8. Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Capital Management Approach

The Group discloses net stable funding ratio information in accordance with Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11).

		31 December 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) items						
1	Capital:	4,100,202	–	–	523,674	4,623,876
2	Regulatory capital	4,100,202	–	–	523,674	4,623,876
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,354,378	10,498,156	13,499	3,947	16,088,258
5	Stable deposits	33,192	55,964	8,462	2,200	94,937
6	Less stable deposits	7,321,186	10,442,192	5,037	1,747	15,993,321
7	Wholesale funding:	8,620,911	10,171,629	1,027,349	142,823	9,105,879
8	Operational deposits	8,280,621	527,202	8,586	2,221	4,410,426
9	Other wholesale funding	340,290	9,644,427	1,018,763	140,602	4,695,453
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	9,103	891,549	144,638	1,030,545	1,054,825
12	NSFR derivative liabilities				57,141	
13	All other liabilities and equities not included in the above categories	9,103	891,549	144,638	973,404	1,054,825
14	Total ASF					30,872,838
Required stable funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					1,518,072
16	Deposits held at other financial institutions for operational purposes	228,237	20,316	2,239	3,690	129,326
17	Loans and securities:	2,270	5,516,388	3,922,982	20,076,829	20,970,581
18	Loans to financial institutions secured by Level 1 HQLA	–	567,123	143	117	84,787
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,559,256	407,349	195,707	633,387
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	3,095,214	3,360,971	12,530,369	13,789,564
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	679,415	841,040	313,569	950,646

(In RMB millions, unless otherwise stated)

		31 December 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
22	Residential mortgages, of which:	–	3,591	3,415	6,314,285	5,357,458
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	2,368	1,006	66,498	45,023
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,270	291,204	151,104	1,036,351	1,105,385
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	299,709	344,037	30,829	269,615	794,715
27	Physical traded commodities, including gold	19,526				16,597
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				26,689	22,686
29	NSFR derivative assets				51,874	–
30	NSFR derivative liabilities with additional variation margin posted				67,773*	13,555
31	All other assets not included in the above categories	280,183	344,037	30,829	191,052	741,877
32	Off-balance sheet items				9,821,690	234,623
33	Total RSF					23,647,317
34	Net Stable Funding Ratio (%)					130.56%

(*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

(In RMB millions, unless otherwise stated)

		30 September 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) items						
1	Capital:	3,993,450	–	–	545,829	4,539,278
2	Regulatory capital	3,993,450	–	–	545,829	4,539,278
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,193,196	10,469,463	18,723	5,783	15,923,613
5	Stable deposits	34,046	45,539	12,151	3,665	90,813
6	Less stable deposits	7,159,150	10,423,924	6,572	2,118	15,832,800
7	Wholesale funding:	8,915,305	10,495,133	473,024	142,747	8,986,380
8	Operational deposits	8,588,338	435,348	14,819	4,029	4,523,281
9	Other wholesale funding	326,967	10,059,785	458,205	138,718	4,463,099
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	8,672	710,635	173,904	1,130,381	1,136,731
12	NSFR derivative liabilities				89,273	
13	All other liabilities and equities not included in the above categories	8,672	710,635	173,904	1,041,108	1,136,731
14	Total ASF					30,586,002
Required stable funding (RSF) items						
15	Total NSFR high-quality liquid assets (HQLA)					1,250,981
16	Deposits held at other financial institutions for operational purposes	181,618	26,306	1,579	2,131	107,121
17	Loans and securities:	2,471	6,353,025	3,856,617	19,809,048	20,953,325
18	Loans to financial institutions secured by Level 1 HQLA	–	1,059,538	7	274	158,300
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,564,085	475,252	246,450	718,963
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	3,282,299	3,247,418	12,067,732	13,420,905
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	845,734	605,105	305,444	907,055

(In RMB millions, unless otherwise stated)

		30 September 2023				
		Unweighted value				
No.	Items	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
22	Residential mortgages, of which:	–	2,176	3,442	6,412,165	5,443,723
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	782	780	47,737	31,931
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	2,471	444,927	130,498	1,082,427	1,211,434
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	316,583	324,828	31,780	401,515	955,175
27	Physical traded commodities, including gold	34,502				29,326
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				10,596	9,006
29	NSFR derivative assets				83,987	–
30	NSFR derivative liabilities with additional variation margin posted				98,755*	19,751
31	All other assets not included in the above categories	282,081	324,828	31,780	306,932	897,092
32	Off-balance sheet items				9,028,265	231,126
33	Total RSF					23,497,728
34	Net Stable Funding Ratio (%)					130.17%

(*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

List of Domestic and Overseas Branches and Offices

Domestic Institutions

ANHUI BRANCH
Address: No. 189 Wuhu Road, Hefei City, Anhui Province, China
Postcode: 230001
Tel: 0551-62869178/62868101
Fax: 0551-62868077

BEIJING BRANCH
Address: Tower B, Tianyin Mansion, No. 2 Fuxingmen South Street, Xicheng District, Beijing, China
Postcode: 100031
Tel: 010-66410579
Fax: 010-66410579

CHONGQING BRANCH
Address: No. 61 Taichang Road, Nan'an District, Chongqing, China
Postcode: 400061
Tel: 023-62918002
Fax: 023-62918059

DALIAN BRANCH
Address: No. 5 Zhongshan Square, Dalian City, Liaoning Province, China
Postcode: 116001
Tel: 0411-82378888
Fax: 0411-82808377

FUJIAN BRANCH
Address: No. 108 Gutian Road, Fuzhou City, Fujian Province, China
Postcode: 350005
Tel: 0591-88087819/88087000
Fax: 0591-83353905/83347074

GANSU BRANCH
Address: No. 408 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province, China
Postcode: 730030
Tel: 0931-8436609
Fax: 0931-8435166

GUANGDONG BRANCH
Address: No. 123 Yanjiang West Road, Guangzhou City, Guangdong Province, China
Postcode: 510120
Tel: 020-81308130
Fax: 020-81308789

GUANGXI BRANCH
Address: No. 15-1 Jiaoyu Road, Nanning City, Guangxi Zhuang Autonomous Region, China
Postcode: 530022
Tel: 0771-5316617
Fax: 0771-5316617/2806043

GUIZHOU BRANCH
Address: No. 200 Zhonghua North Road, Yunyan District, Guiyang City, Guizhou Province, China
Postcode: 550001
Tel: 0851-88609116/88620018
Fax: 0851-85963911

HAINAN BRANCH
Address: No. 54 Heping South Road, Haikou City, Hainan Province, China
Postcode: 570203
Tel: 0898-65303138/65342829
Fax: 0898-65342986

HEBEI BRANCH
Address: Tower B, Zhonghua Shangwu Tower, No. 188 Zhongshan West Road, Shijiazhuang City, Hebei Province, China
Postcode: 050051
Tel: 0311-66000001/66001999
Fax: 0311-66000002

HENAN BRANCH
Address: No. 99 Jingsan Road, Zhengzhou City, Henan Province, China
Postcode: 450011
Tel: 0371-65776888/65776808
Fax: 0371-65776889/65776988

HEILONGJIANG BRANCH
Address: No. 218 Zhongyang Street, Daoli District, Harbin City, Heilongjiang Province, China
Postcode: 150010
Tel: 0451-84668270/84668577
Fax: 0451-84698115

HUBEI BRANCH
Address: No. 31 Zhongbei Road, Wuchang District, Wuhan City, Hubei Province, China
Postcode: 430071
Tel: 027-69908676/69908658
Fax: 027-69908040

HUNAN BRANCH
Address: No. 619 Furong Middle Road Yi Duan, Changsha City, Hunan Province, China
Postcode: 410011
Tel: 0731-84428833/84420000
Fax: 0731-84430039

JILIN BRANCH
Address: No. 9559 Renmin Avenue, Changchun City, Jilin Province, China
Postcode: 130022
Tel: 0431-89569718/89569523
Fax: 0431-88923808

JIANGSU BRANCH
Address: No. 408 Zhongshan South Road, Nanjing City, Jiangsu Province, China
Postcode: 210006
Tel: 025-52858000
Fax: 025-52858111

JIANGXI BRANCH
Address: No. 888, Fenghe Middle Avenue, Honggutan District, Nanchang City, Jiangxi Province, China
Postcode: 330008
Tel: 0791-86695682/86695018
Fax: 0791-86695230

LIAONING BRANCH
Address: No. 88 Nanjing North Road, Heping District, Shenyang City, Liaoning Province, China
Postcode: 110001
Tel: 024-23491600
Fax: 024-23491609

INNER MONGOLIA BRANCH
Address: No. 10 Silk Road Avenue, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, China
Postcode: 010060
Tel: 0471-6940833/6940297
Fax: 0471-6940048

NINGBO BRANCH
Address: No. 218 Zhongshan West Road, Ningbo City, Zhejiang Province, China
Postcode: 315010
Tel: 0574-87361162
Fax: 0574-87361190

NINGXIA BRANCH
Address: No. 67 Zhonghai Road, Jinfeng District, Yinchuan City, Ningxia Autonomous Region, China
Postcode: 750002
Tel: 0951-5029739
Fax: 0951-5890917

QINGDAO BRANCH
Address: No. 25 Shandong Road, Shinan District, Qingdao City, Shandong Province, China
Postcode: 266071
Tel: 0532-66211001
Fax: 0532-85814711

QINGHAI BRANCH
Address: No. 2 Shengli Road, Xining City, Qinghai Province, China
Postcode: 810001
Tel: 0971-6169722/6152326
Fax: 0971-6152326

SHANDONG BRANCH
Address: No. 310 Jingsi Road, Jinan City, Shandong Province, China
Postcode: 250001
Tel: 0531-66681114
Fax: 0531-87941749/66681200

SHANXI BRANCH
Address: No. 145 Yingze Street, Taiyuan City, Shanxi Province, China
Postcode: 030001
Tel: 0351-6248888/6248011
Fax: 0351-6248004

SHAANXI BRANCH
Address: No. 395 Dongxin Street, Xi'an City, Shaanxi Province, China
Postcode: 710004
Tel: 029-87602608/87602630
Fax: 029-87602999

SHANGHAI BRANCH
Address: No. 8 Yincheng Road, Pudong New Area, Shanghai, China
Postcode: 200120
Tel: 021-68088888/58885888
Fax: 021-58882888

SHENZHEN BRANCH
Address: North Block, Financial Center, No. 5055 Shennan East Road, Luohu District, Shenzhen City, Guangdong Province, China
Postcode: 518015
Tel: 0755-82246400
Fax: 0755-82246247

SICHUAN BRANCH
Address: No. 45 Zongfu Road, Jinjiang District, Chengdu City, Sichuan Province, China
Postcode: 610020
Tel: 028-82866000
Fax: 028-82866025

TIANJIN BRANCH
Address: No. 123 Weidi Road, Hexi District, Tianjin, China
Postcode: 300074
Tel: 022-28400648
Fax: 022-28400123/022-28400647

XIAMEN BRANCH
Address: No. 17 Hubin North Road, Xiamen City, Fujian Province, China
Postcode: 361012
Tel: 0592-5292000
Fax: 0592-5054663

XINJIANG BRANCH
Address: No. 231 Renmin Road, Tianshan District, Urumqi, Xinjiang Autonomous Region, China
Postcode: 830002
Tel: 0991-5982005
Fax: 0991-2828608

TIBET BRANCH
Address: No. 31 Jinzhu Middle Road, Lhasa, Tibet Autonomous Region
Postcode: 850000
Tel: 0891-6898002
Fax: 0891-6898001

YUNNAN BRANCH
Address: Bank Mansion, No. 395 Qingnian Road, Kunming City, Yunnan Province, China
Postcode: 650021
Tel: 0871-65536313
Fax: 0871-63134637

ZHEJIANG BRANCH
Address: No. 66 Juyuan Road, Shangcheng District, Hangzhou City, Zhejiang Province, China
Postcode: 310016
Tel: 0571-87803888
Fax: 0571-87808207

ICBC Credit Suisse Asset Management Co., Ltd.
Address: Tower A, Xinsheng Plaza, No. 5 Financial Street, Xicheng District, Beijing, China
Postcode: 100033
Tel: 010-66583349
Fax: 010-66583158

ICBC Financial Leasing Co., Ltd.
Address: Taida MSD-B1, No. 62 Second Street, Economic Development Zone, Tianjin, China
Postcode: 300457
Tel: 022-66283766/010-66105888
Fax: 022-66224510/010-66105999

ICBC-AXA Assurance Co., Ltd.
Address: 19/F Mirae Asset Tower, No. 166 Lujiazui Ring Road, Pudong New Area, Shanghai, China
Postcode: 200120
Tel: 021-5879-2288
Fax: 021-5879-2299

ICBC Financial Asset Investment Co., Ltd.
Address: 19-20/F, Tower B, Yang Zi S&T Innovation Center Phase I, Jiangbei New Area, No. 211 Pubin Road, Nanjing City, Jiangsu Province, China
Postcode: 211800
Tel: 025-58172219

ICBC Wealth Management Co., Ltd.
Address: No. 6 Financial Street, Xicheng District, Beijing, China
Postcode: 100032
Tel: 010-86509184
Fax: 010-86509901

Chongqing Bishan ICBC Rural Bank Co., Ltd.
Address: No. 8 Xianshan Road, Biquan Street, Bishan District, Chongqing, China
Postcode: 402760
Tel: 023-85297704
Fax: 023-85297709

Zhejiang Pinghu ICBC Rural Bank Co., Ltd.
Address: No. 258 Chengnan West Road, Pinghu City, Zhejiang Province, China
Postcode: 314200
Tel: 0573-85139616
Fax: 0573-85139626

Overseas Institutions

Hong Kong SAR and Macau SAR

Industrial and Commercial Bank of China Limited, Hong Kong Branch
Address: 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong SAR, China
Email: icbchk@icbcasia.com
Tel: + 852-25881188
Fax: + 852-25881160
SWIFT: ICBKHKHH

Industrial and Commercial Bank of China (Asia) Limited
Address: 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong SAR, China
Email: enquiry@icbcasia.com
Tel: +852-35108888
Fax: +852-28051166
SWIFT: UBHKHKHH

ICBC International Holdings Limited
Address: 37/F, ICBC Tower, 3 Garden Road, Central, Hong Kong SAR, China
Email: info@icbci.icbc.com.cn
Tel: +852-26833888
Fax: +852-26833900
SWIFT: ICILHKH1

Industrial and Commercial Bank of China (Macau) Limited
Address: 18th Floor, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau SAR, China
Email: icbc@mc.icbc.com.cn
Tel: +853-28555222
Fax: +853-28338064
SWIFT: ICBKMOMX

Industrial and Commercial Bank of China Limited, Macau Branch
Address: Alm. Dr. Carlos d'Assumpcao, No. 393-437, 9 Andar, Edf. Dynasty Plaza, Macau SAR, China
Email: icbc@mc.icbc.com.cn
Tel: +853-28555222
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