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中國工商銀行股份有限公司

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

USD Preference Shares Stock Code: 4620

2023 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Industrial and Commercial Bank of China Limited (the “Bank”) announces the annual audited results of the Bank and its subsidiaries for the year ended 31 December 2023. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the audited annual results. Summary of the Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) is also presented in this Announcement.

1. Corporate Information

1.1 Basic Information

	Stock name	Stock code	Stock exchange on which shares are listed
A Share	工商銀行	601398	Shanghai Stock Exchange
H Share	ICBC	1398	The Stock Exchange of Hong Kong Limited
Offshore Preference Share	ICBC 20USDPREF	4620	The Stock Exchange of Hong Kong Limited
Domestic Preference Share	工行優 1 工行優 2	360011 360036	Shanghai Stock Exchange

1.2 Contact

Board Secretary and Company Secretary

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2. Financial Highlights

(Financial data and indicators in this annual results announcement are prepared in accordance with International Financial Reporting Standards (“IFRSs”) and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

2.1 Financial Data

	2023	2022		2021	2020	2019
		Original ⁽¹⁾	Restated ⁽¹⁾			
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	<u>1,417,002</u>	<u>1,404,657</u>	<u>1,404,657</u>	<u>360,882</u>	<u>1,557,616</u>	<u>481,240</u>
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⁾	<u>24,641,631</u>	<u>22,225,272</u>	<u>22,225,272</u>	<u>21,690,349</u>	<u>20,124,139</u>	<u>18,616,886</u>

	2023	2022		2021	2020	2019
		Original ⁽¹⁾	Restated ⁽¹⁾			
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 Regulation Governing Capital of Commercial Banks (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”.

2.2 Financial Indicators

	2023	2022		2021	2020	2019
		Original	Restated			
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 China Securities Regulatory Commission (“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 Regulation Governing Capital of Commercial Banks (Provisional).

2.3 Quarterly Financial Data

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

2.4 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.

3. Business Review

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.

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.

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.

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.

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.

4. Discussion and Analysis

4.1 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.

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	Average balance	2023 Interest income/ expense	Average yield/cost (%)	Average balance	2022 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⁾	<u>2,172,554</u>	<u>61,112</u>	2.81	<u>1,867,047</u>	<u>36,080</u>	1.93
Total interest-generating assets	<u>40,676,019</u>	<u>1,405,039</u>	3.45	<u>36,080,003</u>	<u>1,278,674</u>	3.54
Non-interest-generating assets	2,510,696			2,549,781		
Allowance for impairment losses on assets	<u>(776,831)</u>			<u>(682,871)</u>		
Total assets	<u>42,409,884</u>			<u>37,946,913</u>		
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	<u>1,508,148</u>	<u>56,809</u>	3.77	<u>1,132,767</u>	<u>35,874</u>	3.17
Total interest-bearing liabilities	<u>36,708,081</u>	<u>750,026</u>	2.04	<u>32,291,926</u>	<u>586,689</u>	1.82
Non-interest-bearing liabilities	<u>2,065,143</u>			<u>2,029,137</u>		
Total liabilities	<u>38,773,224</u>			<u>34,321,063</u>		
Net interest income		<u>655,013</u>			<u>691,985</u>	
Net interest spread			<u>1.41</u>			<u>1.72</u>
Net interest margin			<u>1.61</u>			<u>1.92</u>

- 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.

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	Average balance	2023	Average yield (%)	Average balance	2022	Average yield (%)
		Interest income			Interest income	
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	<u>1,300,743</u>	<u>75,477</u>	<u>5.80</u>	<u>1,367,210</u>	<u>45,486</u>	<u>3.33</u>
Total loans and advances to customers	<u><u>25,006,605</u></u>	<u><u>951,845</u></u>	<u>3.81</u>	<u><u>22,246,265</u></u>	<u><u>900,063</u></u>	<u>4.05</u>

- **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

Item	Average balance	2023 Interest expense	Average cost (%)	Average balance	2022 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	<u>14,732,229</u>	<u>272,713</u>	1.85	<u>13,208,952</u>	<u>218,035</u>	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	<u>15,342,455</u>	<u>269,969</u>	1.76	<u>13,149,079</u>	<u>240,614</u>	1.83
Overseas business	<u>1,066,762</u>	<u>47,006</u>	4.41	<u>1,006,596</u>	<u>21,434</u>	2.13
Total deposits	<u>31,141,446</u>	<u>589,688</u>	1.89	<u>27,364,627</u>	<u>480,083</u>	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	<u>32,088</u>	<u>21,042</u>	<u>11,046</u>	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	<u>238,698</u>	<u>239,351</u>	<u>(653)</u>	(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%.

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.

4.2 Segment Information

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2023		2022	
	Amount	Percentage (%)	Amount	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

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2023		2022	
	Amount	Percentage (%)	Amount	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

4.3 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.

In RMB millions, except for percentages

Item	At 31 December 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	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	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	<u>44,697,079</u>	<u>100.0</u>	<u>39,610,146</u>	<u>100.0</u>

- **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

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	<u>26,086,482</u>	<u>100.0</u>	<u>23,210,376</u>	<u>100.0</u>

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.

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	<u>26,086,482</u>	<u>100.00</u>	<u>23,210,376</u>	<u>100.00</u>

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

Item	At 31 December 2023				At 31 December 2022			
	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	<u>342,730</u>	<u>156,240</u>	<u>257,031</u>	<u>756,001</u>	<u>361</u>	<u>-</u>	<u>29</u>	<u>390</u>

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		At 31 December 2022	
	Amount	Percentage (%)	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		At 31 December 2022	
	Amount	% of total loans	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.

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.

- **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		At 31 December 2022	
	Amount	Percentage (%)	Amount	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		At 31 December 2022	
	Amount	Percentage (%)	Amount	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		At 31 December 2022	
	Amount	Percentage (%)	Amount	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		At 31 December 2022	
	Amount	Percentage (%)	Amount	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		At 31 December 2022	
	Amount	Percentage (%)	Amount	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 bonds¹, 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.

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.

- **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.

In RMB millions, except for percentages

Item	At 31 December 2023		At 31 December 2022	
	Amount	Percentage (%)	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	<u>40,920,491</u>	<u>100.0</u>	<u>36,094,727</u>	<u>100.0</u>

- **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

In RMB millions, except for percentages

Item	At 31 December 2023		At 31 December 2022	
	Amount	Percentage (%)	Amount	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		At 31 December 2022	
	Amount	Percentage (%)	Amount	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.

4.4 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 Regulation Governing Capital of Commercial Banks (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.

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 Regulation Governing Capital of Commercial Banks (Provisional) stood at 13.72%, 15.17% and 19.10%, respectively, complying with regulatory requirements¹.

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.

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	At	At	At	At
	31 December 2023	30 September 2023	30 June 2023	31 March 2023	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.

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 Shanghai Stock Exchange, the "HKEXnews" website of Hong Kong Exchanges and Clearing Limited and the website of the Bank.

4.5 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
	Intra-financial system assets	3,881,035
Interconnectedness	Intra-financial system liabilities	3,806,517
	Securities and other financing instruments issued	2,567,839
	Payments settled via payment systems or correspondent banks	640,334,459
Substitutability	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

4.6 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.

4.7 Hot Topics in the Capital Market

Hot Topic 1: Highlights of High-quality Development

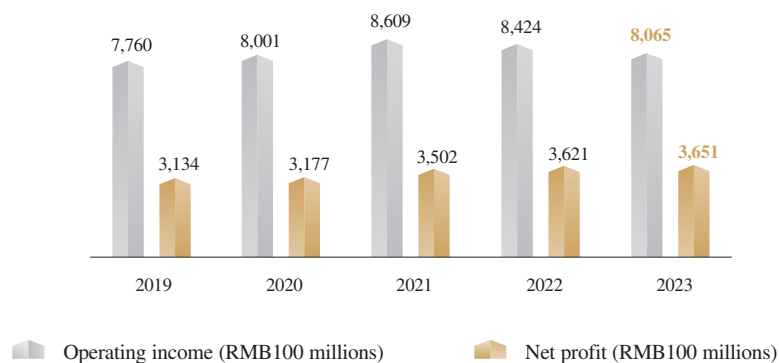
In 2023, the Bank boosted the high-quality economic development with high-standard financial services, pursued the strategy of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation”, and improved and reinforced the balance between speed and quality, development and security 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.

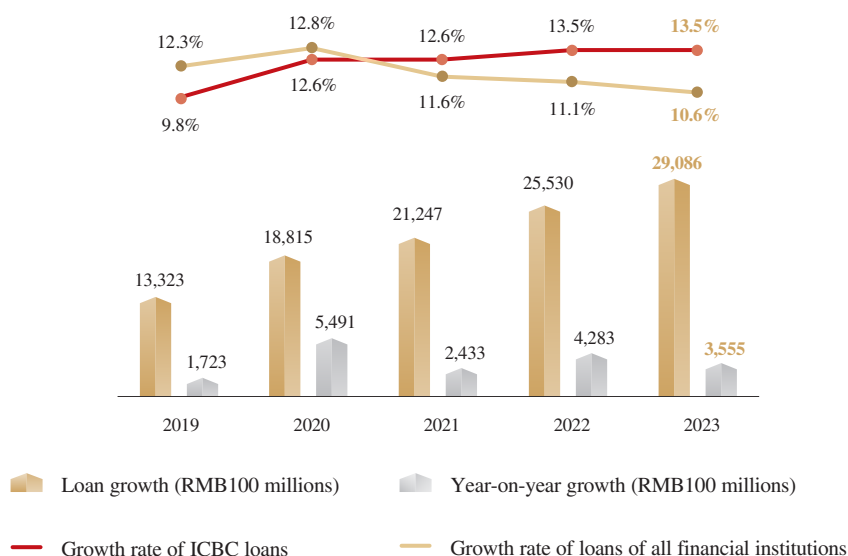
In the next stage, the Bank will adhere to the principle of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old, to improve the quality of financial supply. The Bank will strive to build a clean and healthy balance sheet 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.

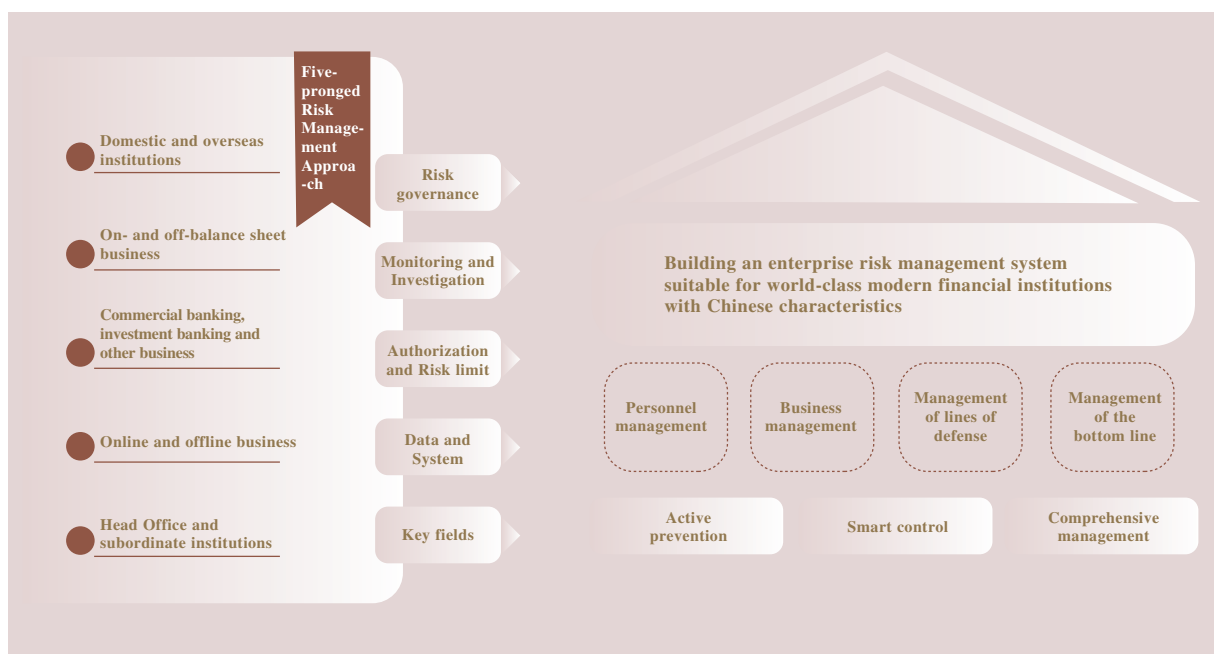
In 2024, the Bank will continue to launch more powerful, consolidated and targeted financial services, focusing on the development of the real economy and customer demand. It will continue to refine the funding supply structure, and achieve high-quality development of credit operations.

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.

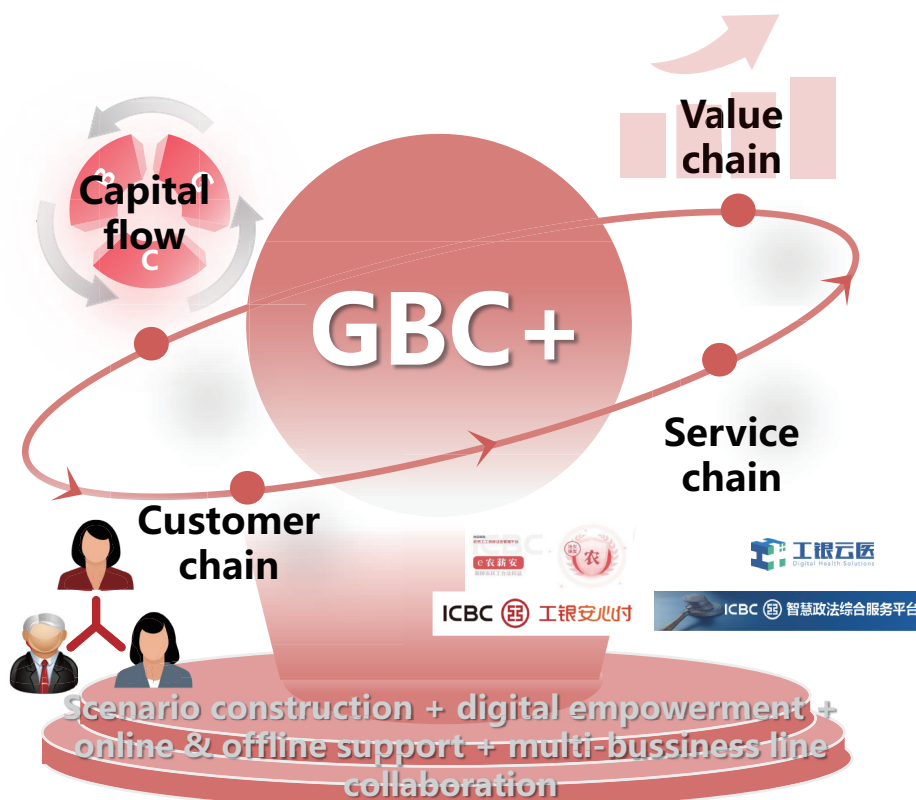
Hot Topic 4: Solidifying the Ecological Foundation by GBC+ Projects

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.

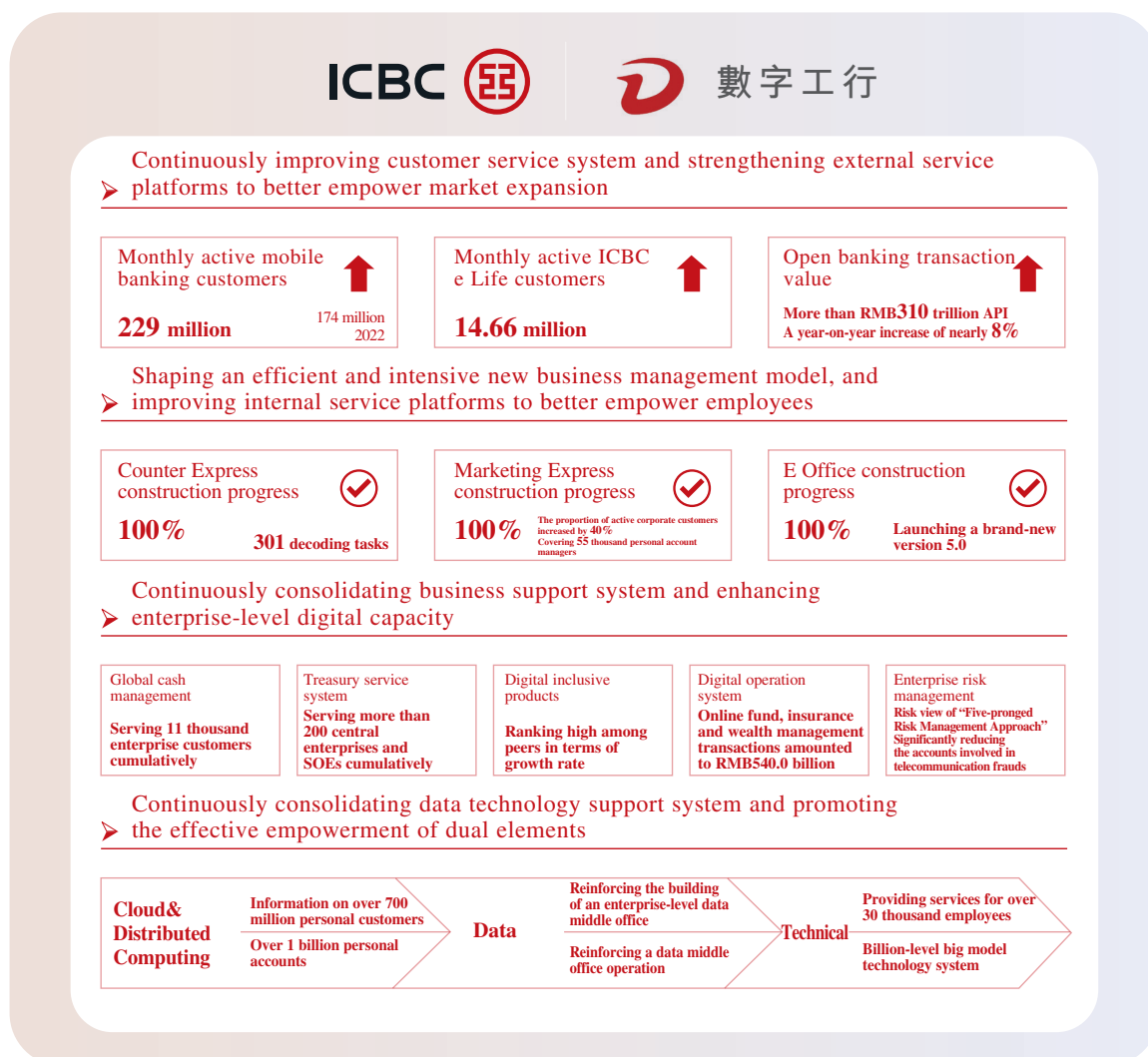
Second, customer expansion and quality improvement were advanced simultaneously. During the reporting period, the number of personal customers increased by nearly 20 million. The number of enterprise customers rose by more than 1.3 million over the year beginning. The number of institutional customers 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 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 mid-tier 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.

5. Details of Changes in Share Capital and Shareholding of Substantial Shareholders

5.1 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 Adequacy Ratio and Leverage Ratio”.

5.2 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

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	Unit: Share	
					Shareholding percentage (%)	Number of pledged/ locked-up/ marked shares
Central Huijin Investment Ltd. ⁽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
National Council for Social Security Fund ⁽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 Central Huijin Investment Ltd. Save as disclosed above, the Bank is not aware of any connected relations or acting-in-concert relations among the afore-mentioned 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, Central Huijin Investment Ltd. 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), Central Huijin Investment Ltd. 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., National Council for Social Security Fund 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 National Council for Social Security Fund 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), National Council for Social Security Fund 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 National Council for Social Security Fund to the Bank, National Council for Social Security Fund 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.

5.3 Particulars of Substantial Shareholders

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

5.4 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 (%)
Central Huijin Investment Ltd. ⁽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, Central Huijin Investment Ltd. held 124,004,660,940 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Central Huijin Investment Ltd., 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
National Council for Social Security Fund ⁽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 National Council for Social Security Fund to the Bank, National Council for Social Security Fund 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.

5.5 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 afore-mentioned preference shareholders and among the afore-mentioned 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:

Type of preference shares	2023		2022		2021	
	Dividend rate	Dividend distributed ⁽¹⁾	Dividend rate	Dividend distributed ⁽¹⁾	Dividend rate	Dividend distributed ⁽¹⁾
Domestic preference share “工行優 1”	4.58%	RMB 2,061 million	4.58%	RMB 2,061 million	4.58%	RMB 2,061 million
Domestic preference share “工行優 2”	4.20%	RMB 2,940 million	4.20%	RMB 2,940 million	4.20%	RMB 2,940 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 USD 115.36 million	3.58%	About USD 115.36 million	3.58%	About USD 115.36 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 Shanghai Stock Exchange, the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited 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.

6. Other Information

6.1 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).

6.2 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 National Financial Regulatory Administration in November 2023.

6.3 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 afore-said codes of conduct during the reporting period.

6.4 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 the Bank's 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. of 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".

6.5 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.

7. Financial Report and Unaudited Supplementary Information to the Consolidated Financial Statements

(See the Appendices)

8. Summary of the Capital Adequacy Ratio Report Disclosed in Accordance with the Regulation Governing Capital of Commercial Banks (Provisional)

8.1 Capital Adequacy Ratio

- **Scope of Calculation of Capital Adequacy Ratio**

The Bank calculated capital adequacy ratios at all tiers in accordance with the Regulation Governing Capital of Commercial Banks (Provisional). The scope of calculation of consolidated capital adequacy ratio includes the Bank and financial institutions in which the Bank directly or indirectly invested in accordance with the Regulation Governing Capital of Commercial Banks (Provisional).

- **Results of Capital Adequacy Ratio Measurement**

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

Please refer to the section headed “Discussion and Analysis — Capital Adequacy Ratio and Leverage Ratio” for details on the capital adequacy ratio calculation at the end of 2023.

- **Measurement of Risk-Weighted Assets**

Item	<i>In RMB millions</i>	
	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	<u>24,641,631</u>	<u>22,225,272</u>

8.2 Credit Risk

- **Credit Risk Exposure**

Item	At 31 December 2023		<i>In RMB millions</i> At 31 December 2022	
	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach	Parts covered by internal ratings-based approach	Parts uncovered by internal ratings-based approach
Corporate	15,544,737	2,064,014	13,218,501	1,921,276
Sovereign	–	10,229,657	–	8,887,123
Financial institution	–	4,562,790	–	4,113,104
Retail	8,522,709	614,486	8,091,471	525,806
Equity	–	216,149	–	193,606
Asset securitization	–	72,670	–	97,472
Other	–	5,530,710	–	5,139,070
Total risk exposure	<u>24,067,446</u>	<u>23,290,476</u>	<u>21,309,972</u>	<u>20,877,457</u>

- **Measurement Results of Internal Ratings-Based Approach**

MEASUREMENT RESULTS OF NON-RETAIL CREDIT RISK UNDER FOUNDATION IRB APPROACH

In RMB millions, except for percentages
At 31 December 2023

PD level	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Level 1	1,957,689	0.09	44.83	556,363	28.42
Level 2	2,659,143	0.21	43.35	1,257,547	47.29
Level 3	2,988,509	0.64	43.41	2,187,455	73.20
Level 4	3,654,572	1.61	42.84	3,526,292	96.49
Level 5	2,197,852	2.55	40.11	2,104,478	95.75
Level 6	882,141	3.72	41.30	948,075	107.47
Level 7	508,391	5.28	40.86	608,357	119.66
Level 8	194,085	7.20	40.33	255,046	131.41
Level 9	150,164	9.60	35.91	197,209	131.33
Level 10	43,162	18.00	35.05	70,820	164.08
Level 11	96,409	56.00	38.14	150,715	156.33
Level 12	212,620	100.00	43.90	12,462	5.86
Total	15,544,737	-	-	11,874,819	76.39

At 31 December 2022

PD level	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Level 1	1,512,015	0.09	44.78	439,149	29.04
Level 2	2,104,117	0.21	43.04	996,678	47.37
Level 3	2,566,672	0.64	43.27	1,886,578	73.50
Level 4	3,279,783	1.62	42.68	3,133,979	95.55
Level 5	1,863,311	2.57	41.33	1,835,753	98.52
Level 6	813,147	3.72	41.42	887,573	109.15
Level 7	423,498	5.28	41.51	515,514	121.73
Level 8	165,492	7.20	41.38	222,368	134.37
Level 9	136,219	9.60	40.30	202,505	148.66
Level 10	45,070	18.00	38.71	80,475	178.56
Level 11	80,965	56.00	41.18	140,066	173.00
Level 12	228,212	100.00	43.89	8,487	3.72
Total	13,218,501	-	-	10,349,125	78.29

MEASUREMENT RESULTS OF RETAIL CREDIT RISK UNDER IRB APPROACH

In RMB millions, except for percentages

At 31 December 2023

Type of risk exposure	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Residential mortgages	6,185,560	1.75	31.49	1,240,295	20.05
Qualifying revolving retail exposure	745,165	4.92	44.18	168,700	22.64
Other retail exposures	1,591,984	3.75	63.65	972,384	61.08
Total	8,522,709	–	–	2,381,379	27.94

At 31 December 2022

Type of risk exposure	Exposure at default	Weighted average PD (%)	Weighted average LGD (%)	Risk-weighted assets	Average risk weight (%)
Residential mortgages	6,333,088	1.65	30.94	1,208,440	19.08
Qualifying revolving retail exposure	675,607	3.99	45.74	158,505	23.46
Other retail exposures	1,082,776	3.62	62.39	628,348	58.03
Total	8,091,471	–	–	1,995,293	24.66

8.3 Market Risk

CAPITAL REQUIREMENT FOR MARKET RISK

Risk type	<i>In RMB millions</i>	
	At 31 December 2023	At 31 December 2022
Parts covered by internal model approach	9,862	6,447
Parts uncovered by internal model approach	8,901	9,810
Interest rate risk	4,889	5,335
Commodity risk	3,955	4,435
Option risk	57	40
Total	18,763	16,257

Note: According to the implementation scope of the advanced capital management approaches approved by the regulatory authorities, parts covered by the market risk internal model approach of the Bank include currency risk of the Group, general interest rate risk of the parent company and ICBC (Canada) and commodity risk of the parent company. Parts uncovered by the internal model approach are measured by the standardized approach.

The Bank applied the Historical Simulation Method to measure the VaR and stressed VaR with a confidence interval of 99% and a holding period of ten days, which is then used for capital measurement of the Group's market risk under the internal model approach.

VALUE AT RISK (VAR)

Item	<i>In RMB millions</i>							
	2023				2022			
	Period end	Average	Maximum	Minimum	Period end	Average	Maximum	Minimum
VaR	1,390	1,140	1,562	600	1,262	427	1,262	227
Interest rate risk	363	564	1,064	194	749	247	749	125
Currency risk	1,199	794	1,482	418	495	316	544	194
Commodity risk	174	170	202	112	153	84	256	12
Stressed VaR	1,442	1,630	2,487	955	1,542	1,503	2,058	996
Interest rate risk	840	1,399	2,231	368	1,581	1,472	2,076	588
Currency risk	1,421	919	2,577	418	495	620	1,414	323
Commodity risk	184	171	202	112	153	137	518	21

8.4 Interest Rate Risk in the Banking Book

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:

Currency	+100 basis points in interest rate		<i>In RMB millions</i> -100 basis points in interest rate	
	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

8.5 Operational Risk

The Bank adopts the standardized approach to measure capital requirement for operational risk. As at the end of 2023, the capital requirement for operational risk was RMB123,713 million.

8.6 Equity Risk in the Banking Book

In RMB millions

Equity type	At 31 December 2023			At 31 December 2022		
	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾	Publicly-traded equity investment risk exposure ⁽¹⁾	Non-publicly-traded equity investment risk exposure ⁽¹⁾	Unrealised potential gains (losses) ⁽²⁾
Financial institution	28,732	22,480	9,024	32,286	15,898	7,509
Corporate	18,823	133,193	(5,733)	22,292	137,390	(5,120)
Total	47,555	155,673	3,291	54,578	153,288	2,389

Notes: (1) Publicly-traded equity investment refers to equity investment made in listed companies, and non-publicly-traded equity investment refers to equity investment made in non-listed companies.

(2) Unrealised potential gains (losses) refer to unrealised gains or losses recognized on the balance sheet but not recognized on the income statement.

9. Issue of Results Announcement, Annual Report and Capital Adequacy Ratio Report

This Results Announcement will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com) simultaneously. The 2023 Annual Report prepared in accordance with IFRSs and the 2023 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released on the “HKEXnews” website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.icbc-ltd.com). Specifically, the 2023 Annual Report prepared in accordance with IFRSs will be dispatched to the shareholders of H shares of the Bank. The 2023 Annual Report and its abstract prepared in accordance with PRC GAAP and the 2023 Capital Adequacy Ratio Report disclosed in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) will be released simultaneously on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc-ltd.com).

This Results Announcement has been prepared in both Chinese and English languages. In case of any discrepancy between the two versions, the Chinese version shall prevail.

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

27 March 2024

As at the date of this announcement, the Board of Directors comprises Mr. LIAO Lin and Mr. WANG Jingwu as executive directors, Mr. LU Yongzhen, Mr. FENG Weidong, Ms. CAO Liqun, Ms. CHEN Yifang and Mr. DONG Yang as non-executive directors, Mr. YANG Siu Shun, Mr. SHEN Si, Mr. Fred Zuli HU, Mr. Norman CHAN Tak Lam and Mr. Herbert WALTER as independent non-executive directors.

Appendix Financial Report and Unaudited Supplementary Information to the Consolidated Financial Statements

I FINANCIAL REPORT

1 Audit Opinion

The 2023 financial statements of the Bank prepared in accordance with PRC GAAP and IFRSs have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, respectively. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have expressed unqualified opinions in the independent auditor's report.

2 Consolidated Statement of Profit or Loss, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows

2.1 Consolidated Statement of Profit or Loss

For the Year ended 31 December 2023

(In RMB millions, unless otherwise stated)

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

2.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 31 December 2023

(In RMB millions, unless otherwise stated)

	2023	2022 (restated)
Profit for the year	365,116	362,110
Other comprehensive income (after tax, net):		
(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

2.3 Consolidated Statement of Financial Position

As at 31 December 2023

(In RMB millions, unless otherwise stated)

	31 December 2023	31 December 2022 (restated)
ASSETS		
Cash and balances with central banks	4,042,293	3,427,892
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	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	64,778	65,790
Property and equipment	298,878	293,887
Deferred tax assets	104,669	101,117
Other assets	533,547	452,223
TOTAL ASSETS	44,697,079	39,610,146
LIABILITIES		
Due to central banks	231,374	145,781
Due to banks and other financial institutions	3,369,858	3,187,712
Financial liabilities measured at fair value through profit or loss	62,859	64,287
Derivative financial liabilities	76,251	96,350
Repurchase agreements	1,018,106	574,778
Certificates of deposit	385,198	375,452
Due to customers	33,521,174	29,870,491
Income tax payable	63,322	85,581
Debt securities issued	1,369,777	905,953
Deferred tax liabilities	3,930	3,950
Other liabilities	818,642	784,392
TOTAL LIABILITIES	40,920,491	36,094,727
EQUITY		
Equity attributable to equity holders of the parent company		
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	1,134,082	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

2.4 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													Total equity
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Reserves					Retained profits	Total	Non-controlling interests	
						Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal				
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	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	(108,169)	(108,169)	-	(108,169)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(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	<u>356,407</u>	<u>354,331</u>	<u>148,270</u>	<u>428,359</u>	<u>561,637</u>	<u>24,047</u>	<u>(15,608)</u>	<u>(2,901)</u>	<u>(9,722)</u>	<u>1,134,082</u>	<u>1,912,067</u>	<u>3,756,887</u>	<u>19,701</u>	<u>3,776,588</u>

- (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.

Attributable to equity holders of the parent company

	Reserves											Non-controlling interests	Total equity	
	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
Restated														
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	-	-	-	-	-	-	-	-	-	-	(104,534)	(104,534)	-	(104,534)
Distributions to other equity instrument holders	-	-	-	-	-	-	-	-	-	-	(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	<u>356,407</u>	<u>354,331</u>	<u>148,280</u>	<u>392,487</u>	<u>496,719</u>	<u>2,343</u>	<u>(17,241)</u>	<u>(2,987)</u>	<u>(5,977)</u>	<u>1,013,624</u>	<u>1,771,747</u>	<u>3,496,109</u>	<u>19,310</u>	<u>3,515,419</u>

- (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.

2.5 Consolidated Statement of Cash Flows

For the Year ended 31 December 2023

(In RMB millions, unless otherwise stated)

	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	4,429	3,716
Impairment losses on assets	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	(4,020)	(4,179)
	<u>266,821</u>	<u>358,263</u>
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
	<u>(3,098,980)</u>	<u>(2,747,693)</u>
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
	<u>4,336,481</u>	<u>3,882,583</u>

	2023	2022 (restated)
Net cash flows from operating activities before taxation	1,504,322	1,493,153
Income tax paid	<u>(87,320)</u>	<u>(88,496)</u>
Net cash flows from operating activities	<u>1,417,002</u>	<u>1,404,657</u>
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	<u>360,575</u>	<u>326,066</u>
Net cash flows from investing activities	<u>(891,852)</u>	<u>(910,621)</u>
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	<u>(7,860)</u>	<u>(4,985)</u>
Net cash flows from financing activities	<u>285,444</u>	<u>(64,789)</u>
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	<u>18,287</u>	<u>60,847</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>2,755,732</u></u>	<u><u>1,926,851</u></u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	1,117,401	1,040,678
Interest paid	<u>(617,791)</u>	<u>(451,918)</u>

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

IFRS17 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 has also adopted the New Insurance Contract Standard and the Group has restated the relevant comparative figures under the equity method accordingly.

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 4.8 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 Venture¹
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback²
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current²
- Amendments to IAS 1: Non-current Liabilities with Covenants²
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements²
- Amendments to IAS 21: Lack of Exchangeability³

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 Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

4.1 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	61,112	36,080
	<u>1,405,039</u>	<u>1,278,674</u>
Interest expense on:		
Due to customers	(589,688)	(480,083)
Due to banks and other financial institutions	(103,529)	(70,732)
Debt securities issued and certificates of deposit	(56,809)	(35,874)
	<u>(750,026)</u>	<u>(586,689)</u>
Net interest income	<u>655,013</u>	<u>691,985</u>

4.2 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
	<u>137,891</u>	<u>145,818</u>
Fee and commission expense	<u>(18,534)</u>	<u>(16,493)</u>
Net fee and commission income	<u><u>119,357</u></u>	<u><u>129,325</u></u>

4.3 Net Trading Income

	2023	2022
Debt securities	12,063	5,638
Derivatives and other	4,421	5,332
Equity investments	<u>(1,556)</u>	<u>(2,662)</u>
	<u><u>14,928</u></u>	<u><u>8,308</u></u>

4.4 Net Gains on Financial Investments

	2023	2022
Net gains/(losses) on financial instruments measured at FVTPL, including:		
Net losses on financial instruments designated as at FVTPL	10,496	(217)
Net gains on disposal of financial instruments measured at FVTOCI	(4,163)	(4,747)
Dividend income from equity investments designated as at FVTOCI, including:		
Derecognised during the year	3,788	3,047
Held at the end of current year	4,020	4,179
Net gains on disposal of financial instruments measured at amortised cost	884	541
Other	3,136	3,638
	2,596	904
	660	(7)
	21,560	7,906

Note: "FVTPL" stands for fair value through profit or loss.

"FVTOCI" stands for fair value through other comprehensive income.

4.5 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

4.6 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	18,487	18,095
	<u>141,405</u>	<u>142,633</u>
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
	<u>28,534</u>	<u>28,822</u>
Amortisation	4,429	3,716
Other administrative expenses	29,442	27,155
Taxes and surcharges	10,662	10,097
Other	24,226	26,928
	<u>238,698</u>	<u>239,351</u>

4.7 Impairment Losses on Assets

	2023	2022
Loans and advances to customers	143,422	143,173
Other	7,394	39,504
	<u>150,816</u>	<u>182,677</u>

4.8 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
	<u>65,053</u>	<u>81,634</u>
Deferred income tax expense	(8,203)	(19,024)
	<u><u>56,850</u></u>	<u><u>62,610</u></u>

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	<u>421,966</u>	<u>424,720</u>
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	19,580	18,679
Effects of non-taxable income	(65,266)	(58,688)
Effects of profits attributable to associates and joint ventures	(449)	(439)
Effects of other	<u>(2,219)</u>	<u>(2,253)</u>
Income tax expense	<u>56,850</u>	<u>62,610</u>

4.9 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)	<u>108,169</u>	<u>104,534</u>
Dividends or interests declared and paid to other equity instrument holders:		
Dividends on preference shares	5,842	5,797
Interests on perpetual bonds distributed	<u>9,122</u>	<u>9,013</u>
	<u>14,964</u>	<u>14,810</u>
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)	<u>109,203</u>	<u>108,169</u>

4.10 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	<u>(14,964)</u>	<u>(14,810)</u>
Profit for the year attributable to ordinary shareholders of the parent company	<u>349,029</u>	<u>346,322</u>
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	<u>356,407</u>	<u>356,407</u>
Basic earnings per share (RMB yuan)	<u>0.98</u>	<u>0.97</u>
Diluted earnings per share (RMB yuan)	<u>0.98</u>	<u>0.97</u>

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.

4.11 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		Notional amounts	Fair values	
		Assets	Liabilities		Assets	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)
	<u>11,249,693</u>	<u>75,339</u>	<u>(76,251)</u>	<u>8,387,877</u>	<u>87,205</u>	<u>(96,350)</u>

(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)
	<u>43,857</u>	<u>85,424</u>	<u>6,267</u>	<u>2</u>	<u>135,550</u>	<u>934</u>	<u>(1,075)</u>
	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)
	<u>79,886</u>	<u>89,487</u>	<u>9,150</u>	<u>4</u>	<u>178,527</u>	<u>1,986</u>	<u>(3,725)</u>

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)
	<u>74,876</u>	<u>(69,390)</u>	<u>127</u>	<u>(2,868)</u>

- (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)
	<u>65,604</u>	<u>(109,851)</u>	<u>1,268</u>	<u>(2,995)</u>

- (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)

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	<u>2,270</u>	<u>18,042</u>	<u>45,069</u>	<u>17,020</u>	<u>82,401</u>	<u>2,955</u>	<u>(416)</u>
31 December 2022	<u>2,976</u>	<u>12,383</u>	<u>61,752</u>	<u>30,892</u>	<u>108,003</u>	<u>725</u>	<u>(94)</u>

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)	-
	<u>80,505</u>	<u>(1,404)</u>	<u>(885)</u>	<u>62</u>

(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
	<u>95,808</u>	<u>(8,327)</u>	<u>(592)</u>	<u>127</u>

(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.

(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	<u>71,381</u>	<u>24,048</u>	<u>57,400</u>	<u>30,970</u>
Derivative financial liabilities	<u>72,958</u>	<u>26,884</u>	<u>60,494</u>	<u>34,064</u>

(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
	<u>127,762</u>	<u>166,224</u>

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.

4.12 Financial Investments

	31 December 2023	31 December 2022
Financial investments measured at FVTPL	811,957	747,474
Financial investments measured at FVTOCI	2,230,862	2,223,096
Financial investments measured at amortised cost	8,806,849	7,563,132
	<u>11,849,668</u>	<u>10,533,702</u>

4.13 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 31 December 2022 and 1 January 2023	(23,744)	22,689	(1,898)	(2,953)
	<u>2,343</u>	<u>(17,241)</u>	<u>(8,858)</u>	<u>(23,756)</u>
Movement during the year 31 December 2023	21,704	1,633	(3,659)	19,678
	<u>24,047</u>	<u>(15,608)</u>	<u>(12,517)</u>	<u>(4,078)</u>

(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	<u>(218)</u>	<u>(821)</u>
	<u>1,530</u>	<u>(2,927)</u>
(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	<u>(5,818)</u>	<u>6,116</u>
	<u>21,104</u>	<u>(24,220)</u>
(ii) Credit losses of debt instruments measured at FVTOCI	98	5,790
Less: Income tax effect	<u>107</u>	<u>(1,960)</u>
	<u>205</u>	<u>3,830</u>
(iii) Cash flow hedging reserve:		
Gain during the year	126	1,268
Less: Income tax effect	<u>(9)</u>	<u>16</u>
	<u>117</u>	<u>1,284</u>
(iv) Other comprehensive income recognised under the equity method	(372)	(224)
(v) Foreign currency translation reserve	1,823	21,276
(vi) Other	<u>(5,145)</u>	<u>(3,557)</u>
	<u>19,227</u>	<u>(4,550)</u>

4.14 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	<u>26,804</u>	<u>19,427</u>

(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	<u>1,126,870</u>	<u>1,111,002</u>
	<u>3,184,180</u>	<u>2,971,045</u>
Credit risk-weighted assets of credit commitments	<u>1,158,895</u>	<u>1,113,801</u>

(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
	<u>124,471</u>	<u>129,075</u>

(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	<u>3,857,252</u>	<u>3,420,373</u>
Designated loans	<u>3,857,046</u>	<u>3,420,106</u>

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.

(g) Fiduciary activities

The Group provides custody, trust and asset management services to third parties. Those assets held in a fiduciary capacity are not included in the Group's consolidated statement of financial position.

4.15 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.

	2023				Total
	Corporate banking	Personal banking	Treasury operations	Other	
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					<u>365,116</u>
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				Total
	Corporate banking	Personal banking	Treasury operations	Other	
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					<u>104,669</u>
Total assets					<u>44,697,079</u>
Segment liabilities	16,989,789	17,454,497	6,226,481	182,472	40,853,239
Unallocated liabilities					<u>67,252</u>
Total liabilities					<u>40,920,491</u>
Other segment information:					
Credit commitments	<u>2,058,377</u>	<u>1,125,803</u>	<u>–</u>	<u>–</u>	<u>3,184,180</u>

(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.

(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.

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										<u>365,116</u>
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	-	<u>43,033</u>

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										<u>104,669</u>
Total assets										<u>44,697,079</u>
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										<u>67,252</u>
Total liabilities										<u>40,920,491</u>
Other segment information:										
Credit commitments	<u>1,140,709</u>	<u>1,742,306</u>	<u>1,132,348</u>	<u>1,305,493</u>	<u>735,849</u>	<u>878,791</u>	<u>170,587</u>	<u>788,274</u>	<u>(4,710,177)</u>	<u>3,184,180</u>

(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.

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										<u>362,110</u>
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	-	<u>33,513</u>

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										<u>101,117</u>
Total assets										<u>39,610,146</u>
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										<u>89,531</u>
Total liabilities										<u>36,094,727</u>
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)	<u>2,971,045</u>

(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.

II Unaudited Supplementary Information to the Consolidated Financial Statements

1 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	–	–	

Items	31 December 2023	31 December 2022	Reference
13	–	–	
14	–	–	
15	–	–	
16	–	–	
17	–	–	
18	–	–	
19	–	–	
20	N/A	N/A	
21	–	–	
22	–	–	
23	–	–	
24	N/A	N/A	
25	–	–	
26a	7,980	7,980	X11

Items	31 December 2023	31 December 2022	Reference
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	–	–	
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	–	–	

Items	31 December 2023	31 December 2022	Reference
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	
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

Items	31 December 2023	31 December 2022	Reference
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

Items	31 December 2023	31 December 2022	Reference
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	
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	

(ii) Consolidated financial statements

	31 December 2023		31 December 2022	
	Consolidated balance sheet as in published financial statements*	31 December 2023 Balance sheet under regulatory scope of consolidation*	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

(*) Prepared in accordance with PRC GAAP.

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	Consolidated balance sheet as in published financial statements*	31 December 2023 Balance sheet under regulatory scope of consolidation*	Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*
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
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
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

Items	31 December 2023 Balance sheet under regulatory scope of consolidation	Reference
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	

Items	31 December 2023 Balance sheet under regulatory scope of consolidation	Reference
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
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	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
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
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

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
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

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Convertible or non-convertible Including: If convertible, conversion trigger(s)	No N/A	No N/A	Yes Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Yes 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
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

Main features of regulatory capital instruments	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
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

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)
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
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

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)
Convertible or non-convertible Including: If convertible, conversion trigger(s) Including: If convertible, fully or partially	Yes Non-viability Trigger Event Fully or partially convertible when a Non-viability Trigger Event occurs	No N/A N/A	No N/A N/A	No 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 Unique identifier	The Bank 2128044	The Bank Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	The Bank 1928006	The Bank 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	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
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

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
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
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability Trigger Event	Whichever occurs earlier: (i) NFRRA 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) NFRRA 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) NFRRA 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

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
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 Including: If temporary write-down, description of write-up mechanism	Permanent write-down N/A	Permanent write-down N/A	Permanent write-down N/A	Permanent write-down 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	1928012	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	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
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	RMB10,000	RMB30,000
Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB10,000	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	24 April 2019	12 November 2020

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Perpetual or 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
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	Tier 2 capital bonds	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)	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	2128051	2128002	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	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
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	RMB50,000	RMB30,000	RMB10,000
Par value of instrument (in millions)	RMB10,000	RMB50,000	RMB30,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	13 December 2021	19 January 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2035	15 December 2031	21 January 2031	15 December 2036

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount	Yes 16 November 2030, in full amount	Yes 21 January 2026, in full amount	Yes 15 December 2026, in full amount	Yes 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
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	Tier 2 capital bonds	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)	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	2228024	2228005	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	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
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	RMB45,000	RMB5,000	RMB5,000
Par value of instrument (in millions)	RMB35,000	RMB45,000	RMB5,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 January 2022	12 April 2022	18 January 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	20 January 2032	14 April 2032	20 January 2037	14 April 2037

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount	Yes 20 January 2027, in full amount	Yes 20 January 2032, in full amount	Yes 14 April 2027, in full amount	Yes 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
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	Tier 2 capital bonds	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)	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	092280134	092280066	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	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
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	RMB50,000	RMB10,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	RMB50,000	RMB10,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 August 2022	8 November 2022	18 August 2022	8 November 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 August 2032	10 November 2032	22 August 2037	10 November 2037

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount	Yes 22 August 2027, in full amount	Yes 22 August 2032, in full amount	Yes 10 November 2027, in full amount	Yes 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
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	Tier 2 capital bonds	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)	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	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)				
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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer call (subject to prior supervisory approval) Including: Optional call date, contingent call dates and redemption amount Including: Subsequent call dates, if applicable	Yes 22 December 2027, in full amount N/A	Yes 22 December 2032, in full amount N/A	Yes 12 April 2028, in full amount N/A	Yes 12 April 2033, in full amount N/A
Coupons/dividends Including: Fixed or floating dividend/coupon Including: Coupon rate and any related index Including: Existence of a dividend stopper Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fixed 3.70% No Mandatory	Fixed 3.85% No Mandatory	Fixed 3.49% No Mandatory	Fixed 3.58% No Mandatory
Including: Redemption incentive mechanism Including: Non-cumulative or cumulative Convertible or non-convertible	No Non-cumulative No	No Non-cumulative No	No Non-cumulative No	No Non-cumulative No
Including: If convertible, conversion trigger(s) Including: If convertible, fully or partially Including: If convertible, conversion rate Including: If convertible, mandatory or optional conversion	N/A N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A
Including: If convertible, specify instrument type convertible into Including: If convertible, specify issuer of instrument it converts into	N/A N/A	N/A N/A	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
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 232380036	The Bank 232380037
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	Tier 2 capital	Tier 2 capital
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)	Parent company/Group Tier 2 capital instrument RMB30,000	Parent company/Group Tier 2 capital instrument RMB25,000
Including: Eligible to the parent company/group level	Parent company/Group Tier 2 capital instrument RMB30,000	Parent company/Group Tier 2 capital instrument RMB25,000
Instrument type	Parent company/Group Tier 2 capital instrument RMB30,000	Parent company/Group Tier 2 capital instrument RMB25,000
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB25,000
Par value of instrument (in millions)	Debt securities issued 28 August 2023	Debt securities issued 28 August 2023
Accounting treatment	Debt securities issued 28 August 2023	Debt securities issued 28 August 2023
Original date of issuance	Debt securities issued 28 August 2023	Debt securities issued 28 August 2023
Perpetual or dated	Dated 30 August 2033	Dated 30 August 2038
Including: Original maturity date	Dated 30 August 2033	Dated 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

Main features of regulatory capital instruments	Tier 2 capital bonds	Tier 2 capital bonds
Coupons/dividends	Fixed	Fixed
Including: Fixed or floating dividend/coupon	3.07%	3.18%
Including: Coupon rate and any related index	No	No
Including: Existence of a dividend stopper	Mandatory	Mandatory
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	No	No
Including: Redemption incentive mechanism	Non-cumulative	Non-cumulative
Including: Non-cumulative or cumulative	No	No
Convertible or non-convertible	N/A	N/A
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	Yes	Yes
Write-down feature	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, write-down trigger(s)	Partial or full write-down	Partial or full write-down
Including: If write-down, full or partial	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A

Main features of regulatory capital instruments

Position in subordination hierarchy in liquidation
(specify instrument type immediately senior to instrument)

Tier 2 capital 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

Tier 2 capital 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

Including: If yes, specify non-compliant features

No

N/A

No

N/A

2 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%

3 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).

S/N	Items	Fourth-quarter 2023	
		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.

4 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

No.	Items	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
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".

No.	Items	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
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
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

30 September 2023

No.	Items	Unweighted value				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
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”.