



**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

# 2022 | Annual Report



## Company Profile

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

The Bank has devoted itself to building a world-class and modern financial enterprise with Chinese characteristics. The Bank has a high quality customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and adheres to creating value through services while providing abundant financial products and superior financial services to over 10 million corporate customers and 720 million personal customers around the world. It has served the high-quality development of the economy and society with its own high-quality development. The Bank has been consciously integrating the social responsibilities with its development strategy and operation and management activities, and gaining wide recognition in the aspects of serving manufacturing industry, promoting inclusive finance, backing rural revitalization, developing green finance and participating in public welfare undertakings.

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

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

## Strategic Objective

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

## Strategic Significance

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

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

### Adhere to technology-driven development and value creation

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

### Adhere to pushing for pragmatic business transformation and progressing through reform

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

### Adhere to putting the customer first and serving the real economy

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

### Adhere to a broad international vision and globalized operations

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

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

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



## MISSION

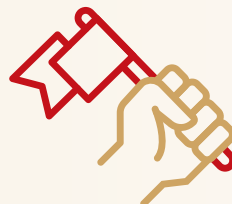
### Excellence for You

Excellent services for clients

Maximum returns to shareholders

Real success for employees

Great contribution to society



## VISION

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

## VALUES

### Integrity Leads to Prosperity

Integrity

Humanity

Prudence

Innovation

Excellence







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## Definitions

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

Articles of Association	The Articles of Association of Industrial and Commercial Bank of China Limited
Bank ICBC (JSC)	Bank ICBC (joint stock company)
Capital Regulation	Regulation Governing Capital of Commercial Banks (Provisional) promulgated in June 2012
CBIRC	China Banking and Insurance Regulatory Commission
Company Law	Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Huijin	Central Huijin Investment Ltd.
ICBC (Almaty)	Industrial and Commercial Bank of China (Almaty) Joint Stock Company
ICBC (Argentina)	Industrial and Commercial Bank of China (Argentina) S.A.
ICBC (Asia)	Industrial and Commercial Bank of China (Asia) Limited
ICBC (Austria)	ICBC Austria Bank GmbH
ICBC (Brasil)	Industrial and Commercial Bank of China (Brasil) S.A.
ICBC (Canada)	Industrial and Commercial Bank of China (Canada)
ICBC (Europe)	Industrial and Commercial Bank of China (Europe) S.A.
ICBC (Indonesia)	PT. Bank ICBC Indonesia
ICBC (London)	ICBC (London) PLC
ICBC (Macau)	Industrial and Commercial Bank of China (Macau) Limited
ICBC (Malaysia)	Industrial and Commercial Bank of China (Malaysia) Berhad
ICBC (Mexico)	Industrial and Commercial Bank of China Mexico S.A.
ICBC (New Zealand)	Industrial and Commercial Bank of China (New Zealand) Limited
ICBC (Peru)	ICBC PERU BANK
ICBC (Thai)	Industrial and Commercial Bank of China (Thai) Public Company Limited
ICBC (Turkey)	ICBC Turkey Bank Anonim Şirketi
ICBC (USA)	Industrial and Commercial Bank of China (USA) NA
ICBC Credit Suisse Asset Management	ICBC Credit Suisse Asset Management Co., Ltd.
ICBC International	ICBC International Holdings Limited
ICBC Investment	ICBC Financial Asset Investment Co., Ltd.
ICBC Investments Argentina	ICBC Investments Argentina S.A. Sociedad Gerente de Fondos Comunes de Inversión
ICBC Leasing	ICBC Financial Leasing Co., Ltd.
ICBC Standard Bank	ICBC Standard Bank PLC
ICBC Technology	ICBC Information and Technology Co., Ltd.
ICBC Wealth Management	ICBC Wealth Management Co., Ltd.
ICBC-AXA	ICBC-AXA Assurance Co., Ltd.
ICBCFS	Industrial and Commercial Bank of China Financial Services LLC
IFRSs	The International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
Inversora Diagonal	Inversora Diagonal S.A.
MOF	Ministry of Finance of the People's Republic of China
New Rules on Asset Management	The Guiding Opinions on Regulating the Asset Management Business of Financial Institutions jointly promulgated by PBC, CBIRC, CSRC and State Administration of Foreign Exchange in 2018 and relevant rules
PBC	The People's Bank of China
PRC GAAP	Accounting Standards for Business Enterprises promulgated by MOF
Securities and Futures Ordinance of Hong Kong	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SEHK	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
SSF	National Council for Social Security Fund
Standard Bank	Standard Bank Group Limited
State Council	The State Council of the People's Republic of China
The Bank/The Group	Industrial and Commercial Bank of China Limited; or Industrial and Commercial Bank of China Limited and its subsidiaries

## Major Ranking and Rewards in 2022

 <p>Among the Top 1000 World Banks for the tenth consecutive year</p> <p><b>The Banker</b></p> <p>The Banker</p>	 <p>Among commercial banks in the Global 500 for the tenth consecutive year</p> <p><b>Fortune</b></p>	 <p>Among the Top 500 Banking Brands for the seventh consecutive year</p> <p><b>Brand Finance®</b></p> <p>Brand Finance</p>
 <p>In the "Corporate Brand Value List" for the seventh time</p>  <p><b>China Council for Brand Development</b></p>	 <p>In the GYROSCOPE assessment system among national commercial banks for the second consecutive year</p>  <p><b>China Banking Association</b></p>	 <p>MSCI ESG Ratings</p> <p><b>MSCI</b></p>
<p>IFF Global Green Finance Award – <b>Innovation Award</b></p>  <p><b>International Finance Forum (IFF)</b></p>	<p>2022 Data Management <b>Top 10</b> Brand Enterprises</p>  <p><b>China Federation of Electronics and Information Industry</b></p>	<p><b>Best</b> Bank in China <b>Best</b> Corporate Bank in China <b>Best</b> Bank for Belt and Road in China</p>  <p><b>Global Finance</b></p>
<p><b>Best</b> Bank for Sustainable Finance, China <b>Best</b> Bond Advisor, China <b>Best</b> Custodian Bank, Onshore, China</p>  <p><b>The Asset</b></p>	<p>The <b>Strongest</b> Bank in China <b>Best</b> International Cash Management Bank in China <b>Best</b> Data Management Initiative in China</p>  <p><b>The Asian Banker</b></p>	<p>China</p> <p>Corporate Banking, SME Banking, Corporate and Social Responsibility (CSR), Environmental, Social and Governance (ESG), Digital Solutions</p> <p><b>Market Leader</b></p> <p><b>Euromoney</b></p>



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## Important Notice

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

The 2022 Annual Report of the Bank and its abstract have been considered and approved at the meeting of the Board of Directors of the Bank held on 30 March 2023. All directors of the Bank attended the meeting.

The 2022 financial statements prepared by the Bank in accordance with PRC GAAP and IFRSs have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with Chinese and International Standards on Auditing respectively, with unqualified auditors' reports being issued.

The Board of Directors of the Bank proposed distributing cash dividends for ordinary shares of RMB3.035 (pre-tax) for each ten shares for 2022. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2022. The Bank did not convert capital reserve to share capital.

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

30 March 2023

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

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

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

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

## Corporate Information

### Legal name in Chinese

中國工商銀行股份有限公司(「中國工商銀行」)

### Legal name in English

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

### Legal Representative

Chen Siqing

### Registered address and office address

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

### Principal place of business in Hong Kong SAR, China

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

### Authorized representatives

Liao Lin and Guan Xueqing

### Board Secretary and Company Secretary

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

### Selected newspaper for information disclosure

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

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

www.sse.com.cn

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

www.hkexnews.hk

### Legal Advisors

#### Chinese mainland

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

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

#### Hong Kong SAR, China

Allen & Overy  
9/F, Three Exchange Square, Central, Hong Kong SAR, China

Freshfields Bruckhaus Deringer  
55<sup>th</sup> Floor, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong SAR, China

### Share Registrars

#### A Share

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

#### H Share

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

### Location where copies of this annual report are kept

Board of Directors' Office of the Bank

### Place where shares are listed, and their names and codes

#### A Share

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

#### H Share

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

#### Domestic Preference Share

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

Stock name: 工行優2  
Stock code: 360036

#### Offshore Preference Share

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

### Name and office address of Auditors

#### Domestic Auditor

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

#### International Auditor

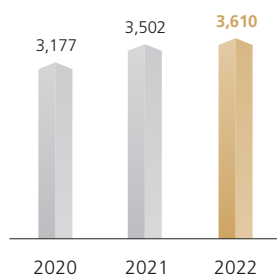
Deloitte Touche Tohmatsu  
35/F, One Pacific Place, 88 Queensway, Hong Kong SAR, China

## Financial Highlights

### Net profit

Unit: RMB100 millions

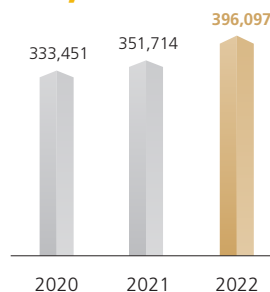
**3,610**



### Total assets

Unit: RMB100 millions

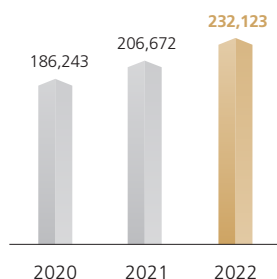
**396,097**



### Total loans and advances to customers

Unit: RMB100 millions

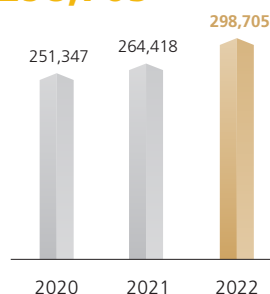
**232,123**



### Due to customers

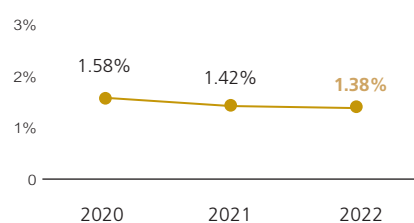
Unit: RMB100 millions

**298,705**



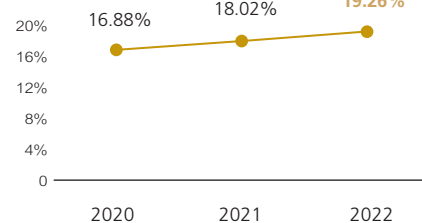
### Non-performing loans ("NPLs") ratio

Unit: %



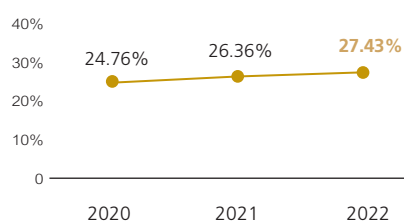
### Capital adequacy ratio

Unit: %



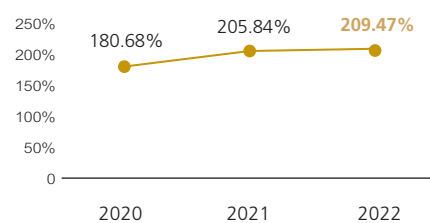
### Cost-to-income ratio

Unit: %



### Allowance to NPLs

Unit: %







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

## Financial Data

	2022	2021	2020	2019	2018
<b>Annual operating results</b> (in RMB millions)					
Net interest income	693,687	690,680	646,765	632,217	593,677
Net fee and commission income	129,265	133,024	131,215	130,573	124,394
Operating income	841,441	860,880	800,075	776,002	725,121
Operating expenses	240,884	236,227	206,585	207,776	194,203
Impairment losses on assets	182,419	202,623	202,668	178,957	161,594
Operating profit	418,138	422,030	390,822	389,269	369,324
Profit before taxation	422,565	424,899	392,126	391,789	372,413
Net profit	361,038	350,216	317,685	313,361	298,723
Net profit attributable to equity holders of the parent company	360,483	348,338	315,906	312,224	297,676
Net cash flows from operating activities	1,404,657	360,882	1,557,616	481,240	529,911

## Financial Highlights

### Financial Data (continued)

	2022	2021	2020	2019	2018
<b>As at the end of reporting period</b> (in RMB millions)					
Total assets	39,609,657	35,171,383	33,345,058	30,109,436	27,699,540
Total loans and advances to customers	23,212,312	20,667,245	18,624,308	16,761,319	15,419,905
Corporate loans	13,826,966	12,194,706	11,102,733	9,955,821	9,418,894
Personal loans	8,236,561	7,944,781	7,115,279	6,383,624	5,636,574
Discounted bills	1,148,785	527,758	406,296	421,874	364,437
Allowance for impairment losses on loans <sup>(1)</sup>	672,762	603,983	531,161	478,730	413,177
Investment	10,527,292	9,257,760	8,591,139	7,647,117	6,754,692
Total liabilities	36,095,831	31,896,125	30,435,543	27,417,433	25,354,657
Due to customers	29,870,491	26,441,774	25,134,726	22,977,655	21,408,934
Corporate deposits	14,671,154	13,331,463	12,944,860	12,028,262	11,481,141
Personal deposits	14,545,306	12,497,968	11,660,536	10,477,744	9,436,418
Other deposits	199,465	250,349	261,389	234,852	268,914
Accrued interest	454,566	361,994	267,941	236,797	222,461
Due to banks and other financial institutions	3,185,564	2,921,029	2,784,259	2,266,573	1,814,495
Equity attributable to equity holders of the parent company	3,495,171	3,257,755	2,893,502	2,676,186	2,330,001
Share capital	356,407	356,407	356,407	356,407	356,407
Net common equity tier 1 capital <sup>(2)</sup>	3,121,080	2,886,378	2,653,002	2,457,274	2,232,033
Net tier 1 capital <sup>(2)</sup>	3,475,995	3,241,364	2,872,792	2,657,523	2,312,143
Net capital base <sup>(2)</sup>	4,281,079	3,909,669	3,396,186	3,121,479	2,644,885
Risk-weighted assets <sup>(2)</sup>	22,225,272	21,690,349	20,124,139	18,616,886	17,190,992
<b>Per share data</b> (in RMB yuan)					
Net asset value per share <sup>(3)</sup>	8.81	8.15	7.48	6.93	6.30
Basic earnings per share	0.97	0.95	0.86	0.86	0.82
Diluted earnings per share	0.97	0.95	0.86	0.86	0.82
<b>Credit rating</b>					
S&P <sup>(4)</sup>	A	A	A	A	A
Moody's <sup>(4)</sup>	A1	A1	A1	A1	A1

Notes: (1) 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.

(2) Calculated in accordance with the Capital Regulation.

(3) 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.

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

## Financial Indicators

	2022	2021	2020	2019	2018
<b>Profitability (%)</b>					
Return on average total assets <sup>(1)</sup>	0.97	1.02	1.00	1.08	1.11
Return on weighted average equity <sup>(2)</sup>	11.43	12.15	11.95	13.05	13.79
Net interest spread <sup>(3)</sup>	1.73	1.92	1.97	2.12	2.20
Net interest margin <sup>(4)</sup>	1.92	2.11	2.15	2.30	2.36
Return on risk-weighted assets <sup>(5)</sup>	1.64	1.68	1.64	1.75	1.81
Ratio of net fee and commission income to operating income	15.36	15.45	16.40	16.83	17.15
Cost-to-income ratio <sup>(6)</sup>	27.43	26.36	24.76	25.79	25.71
<b>Asset quality (%)</b>					
Non-performing loans ("NPLs") ratio <sup>(7)</sup>	1.38	1.42	1.58	1.43	1.52
Allowance to NPLs <sup>(8)</sup>	209.47	205.84	180.68	199.32	175.76
Allowance to total loans ratio <sup>(9)</sup>	2.90	2.92	2.85	2.86	2.68
<b>Capital adequacy (%)</b>					
Common equity tier 1 capital adequacy ratio <sup>(10)</sup>	14.04	13.31	13.18	13.20	12.98
Tier 1 capital adequacy ratio <sup>(10)</sup>	15.64	14.94	14.28	14.27	13.45
Capital adequacy ratio <sup>(10)</sup>	19.26	18.02	16.88	16.77	15.39
Total equity to total assets ratio	8.87	9.31	8.73	8.94	8.47
Risk-weighted assets to total assets ratio	56.11	61.67	60.35	61.83	62.06

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

## Quarterly Financial Data

(In RMB millions)	2022				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Operating income	226,858	216,930	207,331	190,322	214,120	212,286	217,489	216,985
Net profit attributable to equity holders of the parent company	90,633	80,873	94,316	94,661	85,730	77,743	88,348	96,517
Net cash flows from operating activities	1,207,219	203,186	432,146	(437,894)	612,669	(235,123)	588,904	(605,568)



## Chairman's Statement



*Chairman* **Chen Siqing**

The year 2022 was a highly important year in the history of the development of the Communist Party of China ("CPC" or the "Party") and the nation and was also an extraordinary year in the development course of ICBC. ICBC adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and studied and implemented in depth the guiding principles of the 20<sup>th</sup> CPC National Congress and the decisions and plans of the CPC Central Committee and the State Council. We stayed committed to the general working principle of pursuing progress while ensuring stability and earnestly putting in place the important requirements of responding effectively to COVID-19, maintaining economic stability, and ensuring security in development. According to the "48-character" guideline of the CPC ICBC Committee, we applied the new development philosophy, served the new pattern of development and pushed for high-quality development. As a result, we achieved positive results in all work.

**We continued to adhere to the guidance of Party building theory and strive to improve on modernization of governance standards.** Based on the rectification following the disciplinary inspection by the CPC Central Committee, we revised the Articles of Association in a high quality manner pursuant to the latest guiding principles of the CPC Central Committee. While improving on corporate governance, we further strengthened the leadership of the Party, which consolidated the foundation of the financial development path with Chinese characteristics. We strengthened dynamic connections between the rules of procedure of the CPC ICBC Party Committee and the corporate governance decision-making mechanism, optimized the structure of the Board of Directors, enhanced the performance of the Board of Supervisors, and revised the Working Regulations for the Executive Committee. These efforts enabled governing subjects to be more fully-played on their roles and provided for a scientific decision-making process. We improved transparency and investor protection, refined the communication and interaction mechanism with domestic and overseas investors, and actively promoted environmental, social and governance (ESG) practices. As a result, our governance efficiency further improved.

**We actively took on missions and put forth efforts on improving the quality and efficiency of services for the real economy.** We earnestly followed the orientation of the central government's policies, scientifically arranged the total amount, structure, pace and price for investment and financing, and took the lead in ensuring proper countercyclical credit supply. RMB denominated loans of domestic branches increased by RMB2.6 trillion. Meanwhile, we employed financial instruments such as bond, lease and debt-for-equity swaps in a well-coordinated manner, which provided strong support to maintaining stable macroeconomic performance. We adhered to the direction of serving high-quality development and allocated more resources to key areas concerning the national economy and the people's livelihood as well as weak links in economic development. Our balance of loans to manufacturing exceeded RMB3 trillion and loans to strategic emerging industries, green industries, inclusive areas, private sector and agriculture-related areas achieved rapid growth. The interest rate of new loans further declined, and we continued to reduce fees and offer benefits to the real economy. We upheld the people-centric development philosophy and spared no effort in resolving the pressing difficulties and problems that concerned them most. We actively developed innovative products, enriched scenarios and improved services. We issued integrated financial service solutions for new urban residents and accelerated the digitalization of financial products and the implementation of elderly-friendly innovation in outlets. We made new progress in the building of a bank satisfactory to the people.

**We pursued security in development in a well-coordinated manner and focused on strengthening the foundation for preventing and mitigating risks.** We upheld the value of holistic national security, enhanced the bottom-line thinking, and refined the risk governance system with pragmatic measures. We strengthened the role of the Risk Management Committee in leading and making overall planning of relevant work, expanded the coverage of accredited risk officers, highlighted the risk management responsibilities of the first line of defense, and effectively strengthened internal audit and supervision. In response to new changes in the risk situation, we implemented in depth the Five-pronged Risk Management Approach, namely the overall risk management of domestic and overseas institutions, on- and off-balance sheet businesses, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions. Moreover, we improved the joint prevention and control mechanism for "five major markets", namely, monetary, foreign exchange, bond, stock, and commodity. As a result, our risk control became more holistic and effective. Meanwhile, we steadily advanced a new round of asset quality improvement. Our NPL ratio decreased steadily. Our allowance to NPLs and capital adequacy ratio maintained at a relatively high level, further strengthening the foundation of stable development.

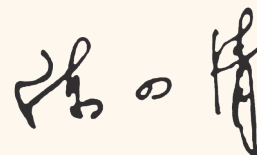
## Chairman's Statement

**We continued to uphold fundamental principles and break new ground and put forth effort to unleash reform drive and vitality.** We implemented in depth the Group's strategic plan and substantially advanced the strategic layout of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation". We highlighted our strengths in operation, worked faster to shore up weak links, and strengthened the foundation. We adhered to combining serving national reforms and deepening our own reforms. We formulated a comprehensive reform plan and carried out 117 reform measures in five key areas. Every effort has been made to build a tech-empowered bank and D-ICBC. We issued the overall work plan for digitalization and launched Mobile Banking 8.0. Positive progress was made in the digitalization and the building of ecosystem of outlets. ICBC led the market in the implementation of the pilot program of e-CNY. Closely following the national opening-up policy, we deepened global operations and increased our overseas RMB clearing network institutions to 10. We actively fulfilled our responsibilities as Chair of the BRICS Business Council Chinese Chapter, playing the optimal role of the Belt and Road Interbank Regular Cooperation Mechanism (BRBR), and continuously enhanced our capability in serving internal and external circulations.

Through the efforts of the past year, the overall quality of ICBC's business development has further improved. At the end of 2022, ICBC Group's total assets reached RMB39.6 trillion and net profit stood at RMB361 billion, representing an increase of 3.1% compared to last year. Return on average total assets was 0.97% and return on weighted average equity maintained at a sound level at 11.43%. NPL ratio remained within a moderate range of 1.38%. Capital adequacy ratio reached 19.26%. The Bank's Board of Directors proposed a dividend of RMB3.035 (pre-tax) per 10 ordinary shares for 2022, which will be submitted to the Shareholders' General Meeting for consideration. Here, on behalf of the Board of Directors, I'd like to express my sincere appreciation to all sectors of society for your care and assistance to ICBC, to the Board of Supervisors for your effective supervision, and to the Management and all employees for your hard work and contributions.

We are forging ahead with devotion and determination and time is our witness. On 1 January 2024, ICBC will celebrate its 40<sup>th</sup> anniversary of establishment. Since its establishment, ICBC has always been keeping in mind its original aspiration and mission, integrating its own development into the great cause of national progress, the people's happiness and national rejuvenation, and adhering to professional, steady and pragmatic practices. We have actively seized opportunities and responded to challenges, continued to deepen reform and promote transition and achieved new breakthroughs and new progress in reforms. Since the 18<sup>th</sup> CPC National Congress, we have studied and implemented in depth General Secretary Xi Jinping's important discourse on financial work and fully carried out the three tasks of serving the real economy, preventing and resolving financial risks and deepening the financial reform. We have firmly striven towards becoming a stronger, better and larger bank and achieved a new leap in the building of a world-class and modern financial enterprise with Chinese characteristics. Standing at the historical juncture of inheriting the past and ushering in the future, we will draw nourishment from our 40 years of hard work, uphold the value of integrity leading to prosperity, pursue a path of financial development with Chinese characteristics and with greater courage, intelligence and drive, and push ICBC's high-quality development to a new level as we embark on a journey in a new era.

The year 2023 is the first year to fully implement the guiding principles of the 20<sup>th</sup> CPC National Congress and a critical year for ICBC to continue its strategic plan. ICBC will earnestly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 20<sup>th</sup> CPC National Congress and fully and faithfully apply the new development philosophy on all fronts. We will advance all our work around the task of serving Chinese modernization through finance and concentrate efforts on maintaining stable growth, adjusting the structure, fostering new drivers, preventing risks, and breaking new ground. We will further our role as a large state-owned bank in serving the new pattern of development and supporting high-quality development, and help set the stage for building a modern socialist country in all respects, and celebrate the 40<sup>th</sup> anniversary of the establishment of ICBC with excellent performance.



Chairman: Chen Siqing

30 March 2023



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## President's Statement



*President* **Liao Lin**

## President's Statement

In 2022, facing the complex and severe external environment, the Bank fully and faithfully apply the new development philosophy on all fronts, centering on the 20<sup>th</sup> CPC National Congress and its guiding principles. We acted on the general working principle of pursuing progress while ensuring stability and fully implemented the important requirements of responding effectively to COVID-19, maintaining economic stability, and ensuring security in development. We improved our work through rectification following the disciplinary inspection by the CPC Central Committee. We took proactive actions to overcome difficulties and promoted our own high-quality development while serving the new pattern of development. As a result, we delivered an operating performance that improves quality whilst ensuring stability.

The core indicators about the **"Strong, Excellent and Large"** orientation of development continued to improve. The Bank maintained its position among top large global banks in terms of assets and profit. **In terms of being "Strong"**, the Bank's capital adequacy ratio rose to 19.26% and allowance to NPLs registered 209.47%, maintaining at a sound level. The balance of asset allowance was nearly RMB800.0 billion, indicating stronger risk resistance. NPL ratio decreased to 1.38%, marking an eighth consecutive quarterly decrease. **In terms of being "Excellent"**, return on average total assets ("ROA") stood at 0.97% and return on weighted average equity ("ROE") stood at 11.43%. Net interest margin ("NIM") recorded 1.92%, indicating more profit concessions for the real economy and maintaining at a reasonable range. **In terms of being "Large"**, total assets rose by 12.6% to RMB39.6 trillion, operating income was RMB841.4 billion, and net profit increased by 3.1% and reached a new record high of RMB361.0 billion. The foregoing performance results have fully reflected an overall balance in value creation, market position, risk control and capital constraint and again demonstrated the Bank's stable operation feature and strong development resilience as well as great potential for growth in future.

These results were mainly attributed to the Bank's efforts in **"stability, progress and reform"**.

**"Stability" means effectively ensuring overall economic stability by serving policies and measures to stabilize the economy and effectively controlling risks.**

Always keeping in mind the top priorities of the country, we placed our focus of operation on serving the real economy and implemented a full range of policies and follow-up measures to stabilize the economy. Through instruments such as loans, bonds, leasing, and debt-for-equity swaps, we provided a total of over RMB6.4 trillion funds of all types to the real economy. RMB denominated loans of domestic branches increased by RMB2.6 trillion, representing a year-on-year increase of RMB428.3 billion. While maintaining a reasonable growth in volume, we continued to adjust and optimize the structure to make our financial services more adaptable, competitive and inclusive. The Bank maintained the lead in terms of the size of loans to manufacturing, green industries, and sci-tech innovations, and the growth rate of loans for key areas such as inclusive and agriculture-related areas was significantly higher than the growth of total loans. We innovated in supply of financial services and optimized the payment environment, which helped improve the quality and expand the scale of consumption. We intensified support to ensure stable performance in foreign trade and foreign investment and actively served high-standard opening up and the high-quality development of the Belt and Road.

Risk is the biggest variable in business. The Bank adheres to the coordinated development and security, and earnestly implements arrangements to prevent and resolve major economic and financial risks, and adjusts risk prevention and control strategies based on the circumstances. Our asset quality is stable overall and all types of risks are generally under control. We advanced the Five-pronged Risk Management Approach in depth, strengthened the bonding force of the three lines of defense, and upgraded the enterprise-wide risk management system. We refined the system of new rules and regulations on credit approval, enriched the application of intelligent risk control, and focused on improving risk governance in key areas and key large accounts. We enhanced joint control of market risks, which effectively responded to fluctuations in global financial markets. We actively share risk control technologies and tools with over 300 peers, thereby helping them to maintain financial stability.

**"Progress" means continuing to strengthen the foundation of high-quality development by promoting implementation of plans and basic projects.**

We revised the strategic plan for the development of the Group to effectively align with the national 14<sup>th</sup> Five-Year Plan. We adhered to the combination of overall advancement and breakthrough-making in key areas, and accelerated the implementation of the strategic layout of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation". The leading strengths of business segments such as corporate finance, settlement finance, institutional finance and financial markets were consolidated. New achievements were made in strategic focuses including personal finance, foreign exchange business, key areas and urban-rural collaboration and some potential segments have been growing into new growth drivers. Personal financial assets maintained the leading position in terms of scale; international settlement, cross-border RMB settlement, and foreign exchange sale and settlement saw their business value increase by about 5%, and the ICBC Xingnongtong APP covered over 1,800 counties in the year of launch.

We continued our efforts in fundamental work and in areas that are good for long-term development. Based on our strength in customer base and interactions among government, business and consumer (GBC), we continued to implement fundamental projects including Net Making and Patching, fund retention, urban-rural collaboration, agency business, merchant marketing, etc. and sped up the formation of the customer ecosystem with coordinated development of micro, small, medium and large enterprises and personal customers. At the end of 2022, corporate customers, cash settlement accounts and merchants all exceeded 10 million, and the number of personal customers increased by 16.72 million to 720 million. The synergistic effect became more apparent, and a record high in annual increase in customer deposits exceeding RMB3.4 trillion was set.

**"Reform" means constantly energizing growth drive through reform, innovation and digitalization.**

We take reforms as the fundamental driving force and innovation as the first of such driving force, formulated and implemented the comprehensive reform plan, and accelerated connotative development. We deepened mechanisms innovation. We refined the supervision and assessment system, optimized the competitiveness evaluation indicator system, improved the green finance management mechanism, enhanced ESG management efficiency, and boosted the balanced, coordinated, sustainable high-quality development state. We deepened innovation in services, launching series service solutions for new urban residents, rolling out the first personal pension savings product, and continued to expand high-frequency service scenarios concerning people's livelihood such as government affairs, medical and pension. We also deepened innovation in channels. We accelerated the building of "Cloud ICBC", strengthened online and offline integrated operations, enriched functions of "ICBC Sharing Stations" for the benefit of the people, and continued to improve outlets' competitiveness and customer satisfaction.

We took digitalization as a new driver of growth. We sped up the development of D-ICBC, promoted digital upgrading of businesses, products and services, and continued to cultivate new growth engines. We launched Mobile Banking 8.0 and ICBC e Life 5.0 and established an open wealth community. The number of mobile banking personal customers reached 516 million and monthly active users on the mobile end exceeded 174 million, both ranking first in the industry. We upgraded the ECOS and intensified efforts to achieve breakthroughs in core technologies of key areas, further consolidating the technical foundation. The Bank ranked first among domestic banks in terms of new and cumulative numbers of patents granted in the year, and comprehensive technological strength continued to lead the industry.

The year 2023 is the first year to fully implement the guiding principles for the 20<sup>th</sup> CPC National Congress and a critical year to continue to implement the Bank's strategic plan. The greatest truths are the simplest, and hard work is the key. The Bank will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and implement in depth the guiding principles for the 20<sup>th</sup> CPC National Congress, act on the political and people-centric nature of financial work, and take solid steps to serve Chinese modernization. We will, with the trust and support of shareholders, customers and all sectors of society, focus on maintaining stable growth, adjusting the structure, cultivating new drivers of growth, preventing risks and making a good start for all tasks. We will give back to shareholders and investors and celebrate the 40<sup>th</sup> anniversary of establishment of ICBC with new progress and new performance achievements in building a world-class and modern financial enterprise with Chinese characteristics.



**President: Liao Lin**

30 March 2023

## Discussion and Analysis

### ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENTS

In 2022, the global inflation remained at a historic high, major developed economies continued to raise interest rates and scale down their balance sheets, the momentum of world economic recovery weakened, and global financial markets fluctuated sharply. In the face of the complicated and severe domestic and international situation and the impact of multiple unexpected factors, China's economy has achieved reasonable growth, the economic aggregate has climbed to a new level, and the high-quality development has achieved new results. China's gross domestic product (GDP), fixed asset investment (excluding rural households), and total (RMB-denominated) imports and exports of trade in goods rose by 3.0%, 5.1% and 7.7% year on year respectively, while retail sales of consumer goods dropped by 0.2% year on year. The value added of industrial enterprises above designated size, value added of services, and consumer price index (CPI) rose by 3.6%, 2.3% and 2.0% year on year respectively.

Proactive fiscal policy improved efficiency. China implemented the new combined tax and fee support policy, stepped up efforts to reduce the burden of bailout, and strengthened the vitality of market players. In 2022, the scale of new tax and fee cuts, tax rebates, and tax and fee deferral exceeded RMB4.2 trillion. It reasonably arranged the debt scale, maintained an appropriate spending intensity, and optimized the structure of fiscal expenditure. China issued RMB750.0 billion special government bonds and increased special local government bonds by RMB4.04 trillion. It also allocated financial resources to the grassroots, supported them to "ensure people's basic livelihood, wages and operation", and strived to stabilize the general macroeconomic situation.

Prudent monetary policy was more flexible and moderate. PBC lowered the reserve requirement ratio twice and turned over RMB1.13 trillion of profit to the central government. It applied multiple methods such as relending and rediscount, medium-term lending facility and open market operation to reasonably inject liquidity in a short, medium and long term manner. With the structural monetary policy "focusing on key areas, and maintaining reasonable and appropriate pace with up and down adjustments", PBC gave play to the triple advantages of aggregate, structure and price, and launched special relending for sci-tech innovation, inclusive elderly care services, transport and logistics sector and equipment upgrading to strengthen precise support for key areas. It guided the establishment of two batches of policy development financial instruments totaling RMB739.9 billion, to support infrastructure construction with effective investment. PBC guided the Loan Prime Rate ("LPR") for loans with a term of one year and over five years to decline by 15 basis points and 35 basis points respectively, and promoted the reduction of comprehensive financing cost of the real economy. It built up a deposit rate market-oriented adjustment mechanism, and stabilized the cost of bank liabilities. It established the dynamic adjustment mechanism of the housing loan interest rate for first-time buyers, and pushed forward the development of a long-term real estate mechanism in an orderly manner. The RMB exchange rate basically maintained stable at a reasonable and balanced level.

Regulatory policies supported the steady development of the banking sector. The Administrative Measures for Related Party Transactions of Banking Insurance Institutions and the Administrative Measures for the Implementation of the Expected Credit Loss Law of Commercial Banks, etc. were promulgated, and the Administrative Measures for Corporate Governance Supervision of Banking Insurance Institutions was revised and issued, to guide financial institutions to strengthen internal governance and improve the long-term risk prevention and control mechanism. The list of systemically important banks was released to strengthen supervision over systemically important banks. The Administrative Measures for Acceptance, Discounting and Rediscounting of Commercial Bills was revised and issued to promote the standardized and healthy development of the bill market. To support real economy with financial services, 23 measures were introduced, a long-term mechanism was promoted to provide financial services to small and micro enterprises that dare to lend, are willing to lend, able to lend and good at lending, and 16 measures were introduced to support the steady and healthy development of the real estate market and stabilize the overall macroeconomic performance. The individual pension system was officially launched with supporting policies, preliminarily forming an individual pension system and management system. More facilitation measures were provided for foreign institutional investors to invest in and raise funds in the Chinese bond market, expanding the two-way opening of the financial market.

The financial system ran smoothly. At the end of 2022, the balance of broad money supply (M2) was RMB266.43 trillion, up 11.8% year on year. The existing social financing scale size stood at RMB344.21 trillion, up 9.6% year on year. The outstanding RMB loans reached RMB213.99 trillion, increasing by 11.1% year on year. The balance of RMB deposits amounted to RMB258.50 trillion, up 11.3% year on year. The total issuance amount

of various bonds in the bond market reached RMB61.45 trillion, basically keeping flat year on year. The major index of stock market fell back, with the Shanghai Composite Index and the Shenzhen Component Index dropping by 15.1% and 25.9% respectively over the end of last year. The central parity of RMB against the US dollar was RMB6.9646, a depreciation of 8.5% from the end of last year.

Total assets of commercial banks grew steadily, with stable credit asset quality and sufficient risk offsetting capacity on the whole. At the end of 2022, the RMB and foreign-currency assets of commercial banks totaled RMB319.81 trillion, up 10.8% year on year. The balance of NPLs of commercial banks reached RMB2.98 trillion, with a NPL ratio of 1.63% and allowance to NPLs of 205.85%. The capital adequacy ratio was 15.17%. Specifically, the RMB and foreign-currency assets of large commercial banks totaled RMB156.26 trillion, up 12.9% year on year. The balance of NPLs of large commercial banks reached RMB1.21 trillion, with a NPL ratio of 1.31% and allowance to NPLs of 245.04%. The capital adequacy ratio was 17.76%.

In 2022, ICBC stayed true to the general principle of pursuing progress while ensuring stability, fully and faithfully applied the new development philosophy on all fronts, and worked to create a new pattern of development. The Bank has stepped into a new stage of high-quality development and taken new steps towards the building of a world-class and modern financial enterprise with Chinese characteristics. The Bank was ranked the 1<sup>st</sup> place among the Top 1000 World Banks by *The Banker*, and the 1<sup>st</sup> place in the list of commercial banks of the Global 500 in *Fortune* for the tenth consecutive year, and took the 1<sup>st</sup> place among the Top 500 Banking Brands of *Brand Finance* for the seventh consecutive year, further demonstrating ICBC's international influence.



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### Income Statement Analysis

In 2022, the Bank maintained steady progress, improved quality in operation, and continuously improved its capability to achieve balanced, coordinated and sustainable development. The Bank actively performed its responsibilities as a large bank and continued to strengthen its support for the real economy. In the year, the Bank realized a net profit of RMB361,038 million, representing an increase of RMB10,822 million or 3.1% as compared to the previous year. Return on average total assets stood at 0.97%, and return on weighted average equity was 11.43%. Operating income amounted to RMB841,441 million, representing a decrease of 2.3%. Specifically, net interest income grew by 0.4% to RMB693,687 million; non-interest income was RMB147,754 million, down by 13.2%. Operating expenses amounted to RMB240,884 million, representing an increase of 2.0%, and the cost-to-income ratio was 27.43%. Impairment losses on assets were RMB182,419 million. Income tax expense decreased by 17.6% to RMB61,527 million.

### CHANGES OF KEY INCOME STATEMENT ITEMS

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Net interest income	693,687	690,680	3,007	0.4
Non-interest income	147,754	170,200	(22,446)	(13.2)
Operating income	841,441	860,880	(19,439)	(2.3)
Less: Operating expenses	240,884	236,227	4,657	2.0
Less: Impairment losses on assets	182,419	202,623	(20,204)	(10.0)
Operating profit	418,138	422,030	(3,892)	(0.9)
Share of results of associates and joint ventures	4,427	2,869	1,558	54.3
Profit before taxation	422,565	424,899	(2,334)	(0.5)
Less: Income tax expense	61,527	74,683	(13,156)	(17.6)
Net profit	361,038	350,216	10,822	3.1
Attributable to: Equity holders of the parent company	360,483	348,338	12,145	3.5
Non-controlling interests	555	1,878	(1,323)	(70.4)



## Net Interest Income

In 2022, net interest income was RMB693,687 million, RMB3,007 million or 0.4% higher than that of last year, accounting for 82.4% of the Bank's operating income. Interest income grew by RMB118,158 million or 10.2% to RMB1,280,376 million and interest expenses increased by RMB115,151 million or 24.4% to RMB586,689 million. Net interest spread and net interest margin ("NIM") came at 1.73% and 1.92% respectively, both down 19 basis points from the previous year, largely due to the Bank's enhanced support for the real economy, multiple reductions in the Loan Prime Rate ("LPR"), a steady decrease in loan yield, and a rise in the average deposit interest rate driven by the increasing proportion of time deposits.

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

In RMB millions, except for percentages

Item	2022			2021		
	Average balance	Interest income/expense	Average yield/cost (%)	Average balance	Interest income/expense	Average yield/cost (%)
<b>Assets</b>						
Loans and advances to customers	22,248,094	900,149	4.05	19,996,414	832,136	4.16
Investment	9,001,876	298,722	3.32	7,999,530	262,827	3.29
Due from central banks <sup>(2)</sup>	2,991,645	45,425	1.52	2,888,381	42,027	1.46
Due from banks and other financial institutions <sup>(3)</sup>	1,866,884	36,080	1.93	1,772,522	25,228	1.42
<b>Total interest-generating assets</b>	<b>36,108,499</b>	<b>1,280,376</b>	<b>3.55</b>	<b>32,656,847</b>	<b>1,162,218</b>	<b>3.56</b>
Non-interest-generating assets	2,520,529			2,659,895		
Allowance for impairment losses on assets	(683,492)			(574,932)		
<b>Total assets</b>	<b>37,945,536</b>			<b>34,741,810</b>		
<b>Liabilities</b>						
Deposits	27,364,627	480,083	1.75	24,477,111	397,625	1.62
Due to banks and other financial institutions <sup>(3)</sup>	3,794,532	70,732	1.86	3,287,917	44,387	1.35
Debt securities and certificates of deposit issued	1,132,767	35,874	3.17	1,072,667	29,526	2.75
<b>Total interest-bearing liabilities</b>	<b>32,291,926</b>	<b>586,689</b>	<b>1.82</b>	<b>28,837,695</b>	<b>471,538</b>	<b>1.64</b>
Non-interest-bearing liabilities	2,030,317			1,991,928		
<b>Total liabilities</b>	<b>34,322,243</b>			<b>30,829,623</b>		
<b>Net interest income</b>		<b>693,687</b>			<b>690,680</b>	
<b>Net interest spread</b>			<b>1.73</b>			<b>1.92</b>
<b>Net interest margin</b>			<b>1.92</b>			<b>2.11</b>

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.

## Discussion and Analysis

### ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

In RMB millions

Item	Comparison between 2022 and 2021		
	Increase/(decrease) due to		Net increase/ (decrease)
	Volume	Interest rate	
Assets			
Loans and advances to customers	90,009	(21,996)	68,013
Investment	33,495	2,400	35,895
Due from central banks	1,665	1,733	3,398
Due from banks and other financial institutions	1,812	9,040	10,852
Changes in interest income	126,981	(8,823)	118,158
Liabilities			
Deposits	50,638	31,820	82,458
Due to banks and other financial institutions	9,577	16,768	26,345
Debt securities and certificates of deposit issued	1,843	4,505	6,348
Changes in interest expenses	62,058	53,093	115,151
Changes in net interest income	64,923	(61,916)	3,007

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

### Interest Income

#### Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers was RMB900,149 million, RMB68,013 million or 8.2% higher as compared to that of last year, mainly due to the increase of 11.3% in the average balance of loans and advances to customers.

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

In RMB millions, except for percentages

Item	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Short-term loans	4,739,296	156,708	3.31	4,045,145	142,549	3.52
Medium to long-term loans	17,508,798	743,441	4.25	15,951,269	689,587	4.32
<b>Total loans and advances to customers</b>	<b>22,248,094</b>	<b>900,149</b>	<b>4.05</b>	<b>19,996,414</b>	<b>832,136</b>	<b>4.16</b>

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

In RMB millions, except for percentages

Item	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	12,091,996	467,313	3.86	10,787,207	439,575	4.08
Discounted bills	866,735	15,546	1.79	380,678	10,266	2.70
Personal loans	7,922,153	371,740	4.69	7,415,770	349,572	4.71
Overseas business	1,367,210	45,550	3.33	1,412,759	32,723	2.32
<b>Total loans and advances to customers</b>	<b>22,248,094</b>	<b>900,149</b>	<b>4.05</b>	<b>19,996,414</b>	<b>832,136</b>	<b>4.16</b>

#### ***Interest Income on Investment***

Interest income on investment amounted to RMB298,722 million, representing an increase of RMB35,895 million or 13.7% as compared to that of last year, mainly due to the increase of 12.5% in the average balance of investment.

#### ***Interest Income on Due from Central Banks***

Interest income on due from central banks was RMB45,425 million, representing an increase of RMB3,398 million or 8.1% 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 RMB36,080 million, representing an increase of RMB10,852 million or 43.0% as compared to that of last year, primarily due to the ascending interest rate of foreign-currency lending funds.

## Discussion and Analysis

### Interest Expense

#### Interest Expense on Deposits

Interest expense on deposits amounted to RMB480,083 million, representing an increase of RMB82,458 million or 20.7% over the previous year, primarily due to the increase of 11.8% in the average balance of due to customers and rise of 13 basis points in the average cost.

#### ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	2022			2021		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
<b>Corporate deposits</b>						
Time deposits	5,803,074	150,011	2.59	4,929,388	121,230	2.46
Demand deposits	7,405,878	68,024	0.92	7,133,857	58,618	0.82
<b>Subtotal</b>	<b>13,208,952</b>	<b>218,035</b>	<b>1.65</b>	<b>12,063,245</b>	<b>179,848</b>	<b>1.49</b>
<b>Personal deposits</b>						
Time deposits	7,742,072	223,607	2.89	6,337,635	189,118	2.98
Demand deposits	5,407,007	17,007	0.31	5,091,927	18,678	0.37
<b>Subtotal</b>	<b>13,149,079</b>	<b>240,614</b>	<b>1.83</b>	<b>11,429,562</b>	<b>207,796</b>	<b>1.82</b>
<b>Overseas business</b>	<b>1,006,596</b>	<b>21,434</b>	<b>2.13</b>	<b>984,304</b>	<b>9,981</b>	<b>1.01</b>
<b>Total deposits</b>	<b>27,364,627</b>	<b>480,083</b>	<b>1.75</b>	<b>24,477,111</b>	<b>397,625</b>	<b>1.62</b>

#### Interest Expense on Due to Banks and Other Financial Institutions

Interest expense on due to banks and other financial institutions was RMB70,732 million, RMB26,345 million or 59.4% higher than that of last year, principally attributable to the 15.4% increase in the average balance of borrowing funds and the rising average cost year on year as affected by the factors such as currency and product duration.

#### Interest Expense on Debt Securities and Certificates of Deposit Issued

Interest expense on debt securities and certificates of deposits issued was RMB35,874 million, indicating an increase of RMB6,348 million or 21.5% over last year, mainly due to the ascending interest rates of debt securities, such as certificates of deposit, issued by overseas institutions.

## Non-interest Income

In 2022, non-interest income was RMB147,754 million, which was RMB22,446 million or 13.2% lower than that of last year, accounting for 17.6% of the operating income. Specifically, net fee and commission income decreased by RMB3,759 million or 2.8% to RMB129,265 million, and other non-interest related gains fell by RMB18,687 million or 50.3% to RMB18,489 million.

### NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Settlement, clearing business and cash management	45,439	41,270	4,169	10.1
Personal wealth management and private banking services	26,253	30,001	(3,748)	(12.5)
Investment banking business	19,586	22,416	(2,830)	(12.6)
Bank card business	17,736	16,679	1,057	6.3
Corporate wealth management services	14,172	15,165	(993)	(6.5)
Guarantee and commitment business	8,803	9,756	(953)	(9.8)
Asset custody business	8,709	8,738	(29)	(0.3)
Trust and agency services	1,894	1,808	86	4.8
Other	3,226	2,894	332	11.5
<b>Fee and commission income</b>	<b>145,818</b>	<b>148,727</b>	<b>(2,909)</b>	<b>(2.0)</b>
<b>Less: Fee and commission expense</b>	<b>16,553</b>	<b>15,703</b>	<b>850</b>	<b>5.4</b>
<b>Net fee and commission income</b>	<b>129,265</b>	<b>133,024</b>	<b>(3,759)</b>	<b>(2.8)</b>

In 2022, the Bank's net fee and commission income was RMB129,265 million, a decrease of RMB3,759 million or 2.8% over last year. Specifically, income from settlement, clearing business and cash management increased by RMB4,169 million, mainly driven by an increase in income from third party payment, spot exchange settlement and sale as well as foreign exchange trading business; income from bank card business registered an increase of RMB1,057 million, mainly due to the increase in income from partnership services and acquiring business. Affected by the volatile capital markets, income from personal wealth management and private banking, corporate wealth management, asset custody and other businesses dropped. The decrease in fee rates for investment banking, guarantee and commitment businesses resulted in a decline in revenue from these businesses.

## Discussion and Analysis

### OTHER NON-INTEREST RELATED GAINS

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Net trading income	8,610	8,955	(345)	(3.9)
Net gains on financial investments	6,315	16,440	(10,125)	(61.6)
Other operating income, net	3,564	11,781	(8,217)	(69.7)
<b>Total</b>	<b>18,489</b>	<b>37,176</b>	<b>(18,687)</b>	<b>(50.3)</b>

Other non-interest related gains amounted to RMB18,489 million, RMB18,687 million or 50.3% lower than that of the previous year. Specifically, the decrease in net gains on financial investments was primarily due to the decreasing valuation of equity instruments as affected by volatile capital markets and the unrealized losses generated on bond investments, while the decrease in other net operating income was mainly because of the net losses on exchange and exchange rate products.

### Operating Expenses

In RMB millions, except for percentages

Item	2022	2021	Increase/ (decrease)	Growth rate (%)
Staff costs	143,501	139,363	4,138	3.0
Property and equipment expenses	29,034	28,822	212	0.7
Taxes and surcharges	10,100	9,318	782	8.4
Amortisation	3,721	3,125	596	19.1
Other	54,528	55,599	(1,071)	(1.9)
<b>Total</b>	<b>240,884</b>	<b>236,227</b>	<b>4,657</b>	<b>2.0</b>

### Impairment Losses on Assets

In 2022, the Bank set aside the impairment losses on assets of RMB182,419 million, a decrease of RMB20,204 million or 10.0% as compared to that of last year. Specifically, the impairment losses on loans were RMB143,173 million, indicating a decrease of RMB25,094 million or 14.9%. Please refer to “Note 14. to the Consolidated Financial Statements: Impairment Losses on Assets; Note 30. to the Consolidated Financial Statements: Impairment Allowance” for details.

### Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures stood at RMB4,427 million, representing an increase of RMB1,558 million or 54.3% over last year, mainly due to the increase in subsidiaries’ share of results of associates and joint ventures.

### Income Tax Expense

Income tax expense decreased by RMB13,156 million or 17.6% to RMB61,527 million as compared to the previous year. The effective tax rate stood at 14.56%, lower than the statutory tax rate of 25%, primarily because the interest income on Chinese government bonds and local government bonds were exempted from tax under the relevant tax law.



## Summary Geographical Segment Information

In RMB millions, except for percentages

Item	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Operating income</b>	<b>841,441</b>	<b>100.0</b>	<b>860,880</b>	<b>100.0</b>
Head Office	84,257	10.0	135,419	15.8
Yangtze River Delta	148,527	17.7	136,544	15.9
Pearl River Delta	113,459	13.5	107,474	12.5
Bohai Rim	153,822	18.3	145,660	16.9
Central China	114,809	13.6	105,357	12.2
Western China	130,802	15.5	126,799	14.7
Northeastern China	29,214	3.5	29,582	3.4
Overseas and other	66,551	7.9	74,045	8.6
<b>Profit before taxation</b>	<b>422,565</b>	<b>100.0</b>	<b>424,899</b>	<b>100.0</b>
Head Office	257	0.1	58,031	13.6
Yangtze River Delta	98,133	23.2	83,920	19.8
Pearl River Delta	59,687	14.1	59,699	14.1
Bohai Rim	95,094	22.5	64,383	15.2
Central China	60,079	14.2	47,115	11.1
Western China	61,841	14.6	65,477	15.4
Northeastern China	11,878	2.8	1,259	0.3
Overseas and other	35,596	8.5	45,015	10.5

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

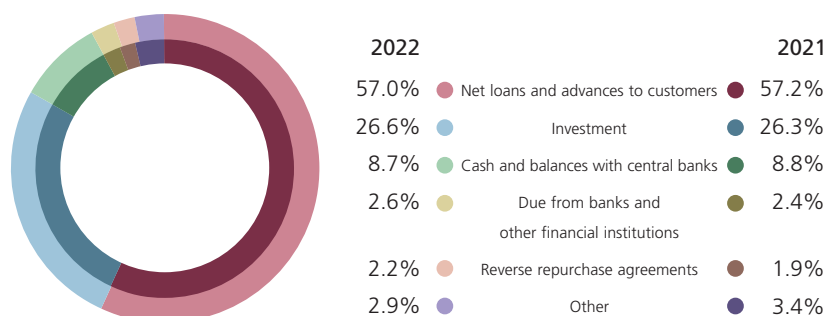
## Balance Sheet Analysis

In 2022, in response to the changes in external development trends, the Bank earnestly implemented macro-economic and financial policies and regulatory requirements, enhanced the service efficiency for the real economy on all fronts, continued to promote the balanced, coordinated and sustainable development of asset and liability management business, and holistically arranged the aggregate amount, structure and pace of assets and liabilities. While maintaining a moderate growth of the total assets and liabilities, the Bank deeply promoted the continuous optimization of the asset and liability structure, coordinated development of quantity and price, and realized effective promotion in the quality of assets and liabilities and proper growth in their quantity.

## Assets Deployment

As at the end of 2022, total assets of the Bank amounted to RMB39,609,657 million, RMB4,438,274 million or 12.6% 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 RMB2,545,067 million or 12.3% to RMB23,212,312 million, investment increased by RMB1,269,532 million or 13.7% to RMB10,527,292 million, and cash and balances with central banks increased by RMB329,454 million or 10.6% to RMB3,427,892 million.

### Structure of assets



In RMB millions, except for percentages

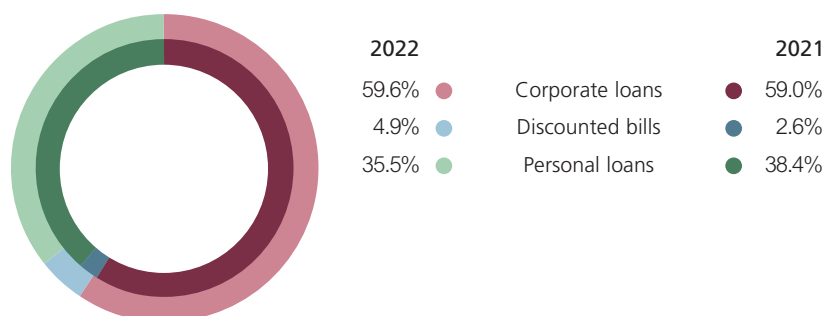
Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans and advances to customers	23,212,312	—	20,667,245	—
Add: Accrued interest	53,560	—	45,719	—
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost	672,224	—	603,764	—
Net loans and advances to customers <sup>(1)</sup>	22,593,648	57.0	20,109,200	57.2
Investment	10,527,292	26.6	9,257,760	26.3
Cash and balances with central banks	3,427,892	8.7	3,098,438	8.8
Due from banks and other financial institutions	1,042,504	2.6	827,150	2.4
Reverse repurchase agreements	864,067	2.2	663,496	1.9
Other	1,154,254	2.9	1,215,339	3.4
<b>Total assets</b>	<b>39,609,657</b>	<b>100.0</b>	<b>35,171,383</b>	<b>100.0</b>

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

### Loan

The Bank planned and managed the scale, pace and structure of credit grants, and continued to improve the quality and efficiency of serving the real economy. It actively supported the construction of ongoing infrastructure projects and major projects making up for deficiencies in new urbanization and transportation areas, and effectively implemented the rural revitalization strategy. It grasped the development opportunities of green finance comprehensively, and continued to increase its investment and financing support for key fields of the advanced manufacturing industry such as intelligent manufacturing, digital economy, strategic emerging industries and transformation and upgrading of traditional industries. As at the end of 2022, total loans amounted to RMB23,212,312 million, RMB2,545,067 million or 12.3% higher compared with the end of the previous year, of which, RMB denominated loans of domestic branches were RMB21,482,964 million, up by RMB2,553,039 million or 13.5%.

## Distribution of loans by business line



## DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Corporate loans</b>	<b>13,826,966</b>	<b>59.6</b>	<b>12,194,706</b>	<b>59.0</b>
Short-term corporate loans	3,150,517	13.5	2,737,742	13.2
Medium to long-term corporate loans	10,676,449	46.1	9,456,964	45.8
<b>Discounted bills</b>	<b>1,148,785</b>	<b>4.9</b>	<b>527,758</b>	<b>2.6</b>
<b>Personal loans</b>	<b>8,236,561</b>	<b>35.5</b>	<b>7,944,781</b>	<b>38.4</b>
Residential mortgages	6,431,991	27.7	6,362,685	30.8
Personal consumption loans	234,378	1.1	187,316	0.9
Personal business loans	930,040	4.0	702,441	3.4
Credit card overdrafts	640,152	2.7	692,339	3.3
<b>Total</b>	<b>23,212,312</b>	<b>100.0</b>	<b>20,667,245</b>	<b>100.0</b>

The Bank continued to strengthen its support for manufacturing, strategic emerging industries, green finance, inclusive finance, rural revitalization and other key fields, and steadily carried forward the corporate credit distribution to “New manufacturing, New services, New basic industries and High-tech industries” customer groups. 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 RMB1,632,260 million or 13.4% from the end of last year. Specifically, short-term corporate loans and medium to long-term corporate loans increased by RMB412,775 million and RMB1,219,485 million respectively.

The Bank took full advantages of the popularity of bill business among enterprises and the flexibility in services, and dedicated efforts to meeting enterprises’ demands for bill discounting, boosting the development of the real economy. The amount of discounted bills increased by RMB621,027 million, a 117.7% growth of the number by the end of last year.

Focusing on the customers, the Bank strengthened the overall planning of personal loan business, stepped up market expansion of consumption and business loan products through multiple channels, and continuously optimized the digital inclusive product system, to satisfy customers’ diversified financing needs and promote sustainable recovery of consumption. Personal loans increased by RMB291,780 million or 3.7% from the end of last year. Specifically, personal consumption loans grew by RMB47,062 million or 25.1%; and personal business loans increased by RMB227,599 million or 32.4%.

Please see the section headed “Discussion and Analysis – Risk Management” for detailed analysis of the Bank’s loans and their quality.

## Discussion and Analysis

### Investment

In 2022, 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 variety and term structure of the bond portfolio to enhance the efficiency of fund use. As at the end of 2022, investment amounted to RMB10,527,292 million, representing an increase of RMB1,269,532 million or 13.7% from the end of the previous year. Among these, bonds rose by RMB1,242,154 million or 14.1% to RMB10,059,499 million.

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	10,059,499	95.6	8,817,345	95.2
Equity instruments	190,869	1.8	190,186	2.1
Funds and other	166,434	1.6	148,166	1.6
Accrued interest	110,490	1.0	102,063	1.1
<b>Total</b>	<b>10,527,292</b>	<b>100.0</b>	<b>9,257,760</b>	<b>100.0</b>

### DISTRIBUTION OF INVESTMENT IN BONDS BY ISSUERS

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	7,419,005	73.8	6,371,607	72.3
Central bank bonds	56,817	0.5	38,207	0.4
Policy bank bonds	761,736	7.6	754,719	8.6
Other bonds	1,821,941	18.1	1,652,812	18.7
<b>Total</b>	<b>10,059,499</b>	<b>100.0</b>	<b>8,817,345</b>	<b>100.0</b>

In terms of distribution by issuers, government bonds increased by RMB1,047,398 million or 16.4% over the end of last year, mainly due to the increase in local government bonds and Chinese government bonds; central bank bonds increased by RMB18,610 million or 48.7%; policy bank bonds went up by RMB7,017 million or 0.9%; and other bonds increased by RMB169,129 million or 10.2%, mainly because the Bank appropriately increased its investments in credit bonds with sound liquidity and high qualification.

#### DISTRIBUTION OF INVESTMENT IN BONDS BY REMAINING MATURITY

In RMB millions, except for percentages

Remaining maturity	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated <sup>(1)</sup>	284	0.0	167	0.0
Less than 3 months	694,455	6.9	514,685	5.8
3 to 12 months	1,371,872	13.6	1,228,144	13.9
1 to 5 years	3,649,193	36.3	3,517,415	39.9
Over 5 years	4,343,695	43.2	3,556,934	40.4
<b>Total</b>	<b>10,059,499</b>	<b>100.0</b>	<b>8,817,345</b>	<b>100.0</b>

Note: (1) Refers to overdue bonds.

#### DISTRIBUTION OF INVESTMENT IN BONDS BY CURRENCY

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
RMB-denominated bonds	9,213,230	91.6	8,110,061	92.0
USD-denominated bonds	559,753	5.6	450,447	5.1
Other foreign currency bonds	286,516	2.8	256,837	2.9
<b>Total</b>	<b>10,059,499</b>	<b>100.0</b>	<b>8,817,345</b>	<b>100.0</b>

In terms of currency structure, RMB-denominated bonds rose by RMB1,103,169 million or 13.6% over the end of last year; USD-denominated bonds increased by an equivalent of RMB109,306 million or 24.3%; other foreign currency bonds increased by an equivalent of RMB29,679 million or 11.6%. During the reporting period, the Bank improved the investment portfolio structure of foreign currency bonds, reasonably arranged the currency structure in consideration of bond liquidity, security and profitability, and improved the efficiency of foreign-currency fund use.

#### DISTRIBUTION OF INVESTMENT BY MEASURING METHOD

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial investments measured at fair value through profit or loss	714,879	6.8	623,223	6.7
Financial investments measured at fair value through other comprehensive income	2,178,018	20.7	1,803,604	19.5
Financial investments measured at amortised cost	7,634,395	72.5	6,830,933	73.8
<b>Total</b>	<b>10,527,292</b>	<b>100.0</b>	<b>9,257,760</b>	<b>100.0</b>

## Discussion and Analysis

As at the end of 2022, the Group held RMB1,758,450 million of financial bonds<sup>1</sup>, including RMB761,736 million of policy bank bonds and RMB996,714 million of bonds issued by banks and non-bank financial institutions, accounting for 43.3% and 56.7% of financial bonds, respectively.

### TOP 10 FINANCIAL BONDS HELD BY THE BANK

In RMB millions, except for percentages

Bond name	Nominal value	Annual interest rate (%)	Maturity date	Allowance for impairment losses <sup>(1)</sup>
Policy bank bonds 2015	22,117	4.21	13 April 2025	–
Policy bank bonds 2022	20,900	1.65	5 September 2023	–
Policy bank bonds 2020	19,460	3.23	23 March 2030	–
Policy bank bonds 2020	18,446	2.96	17 April 2030	–
Policy bank bonds 2019	18,263	3.48	8 January 2029	–
Policy bank bonds 2019	17,641	3.45	20 September 2029	–
Policy bank bonds 2015	16,389	4.29	7 April 2025	–
Policy bank bonds 2020	15,145	3.79	26 October 2030	–
Policy bank bonds 2020	14,244	3.70	20 October 2030	–
Policy bank bonds 2020	13,500	3.74	16 November 2030	–

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

### Reverse Repurchase Agreements

Reverse repurchase agreements amounted to RMB864,067 million, RMB200,571 million or 30.2% 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.

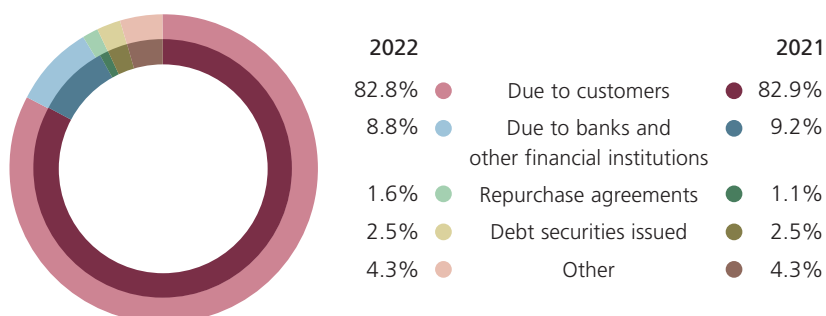
### Liabilities

The Bank fully implemented regulatory requirements, established a liability quality management system commensurate with the size and complexity of liabilities, set up an organizational system and governance structure for liability quality, and defined the management strategy and policy for liability quality that are consistent with the business strategy, risk appetite and overall business characteristics. The Bank attached great importance to the control of total quantity, structure and price of liabilities, and promoted the coordinated development of deposit quantity and price. It strengthened the basic work of liability quality management, consolidated the customer base, and enhanced the service capacity. As a result, the liability business achieved steady development and relevant indicators met regulatory requirements. As at the end of 2022, total liabilities reached RMB36,095,831 million, an increase of RMB4,199,706 million or 13.2% compared with the end of last year.

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



## Structure of liabilities



In RMB millions, except for percentages

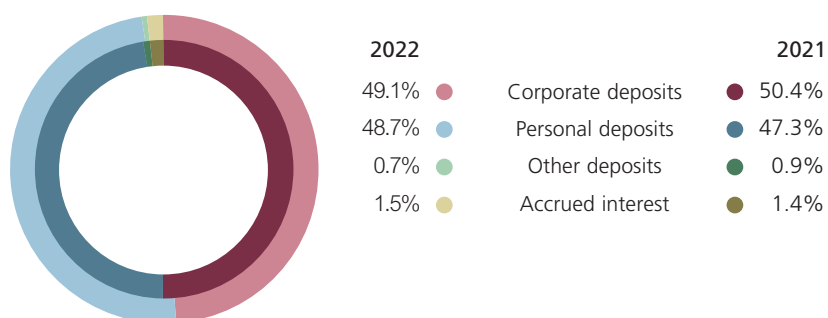
Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to customers	29,870,491	82.8	26,441,774	82.9
Due to banks and other financial institutions	3,185,564	8.8	2,921,029	9.2
Repurchase agreements	574,778	1.6	365,943	1.1
Debt securities issued	905,953	2.5	791,375	2.5
Other	1,559,045	4.3	1,376,004	4.3
<b>Total liabilities</b>	<b>36,095,831</b>	<b>100.0</b>	<b>31,896,125</b>	<b>100.0</b>

**Due to Customers**

Due to customers is the Bank's main source of funds. As at the end of 2022, due to customers was RMB29,870,491 million, RMB3,428,717 million or 13.0% higher than that at the end of the previous year. In terms of customer structure, corporate deposits increased by RMB1,339,691 million or 10.0%; and personal deposits increased by RMB2,047,338 million or 16.4%. In terms of maturity structure, time deposits increased by RMB2,243,078 million or 17.4%, while demand deposits increased by RMB1,143,951 million or 8.9%. In terms of currency structure, RMB deposits stood at RMB28,153,014 million, an increase of RMB3,238,490 million or 13.0%. Foreign currency deposits were equivalent to RMB1,717,477 million, an increase of RMB190,227 million or 12.5%.

## Discussion and Analysis

### Distribution of due to customers by business line



#### DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Corporate deposits</b>				
Time deposits	6,594,898	22.1	5,798,353	21.9
Demand deposits	8,076,256	27.0	7,533,110	28.5
<b>Subtotal</b>	<b>14,671,154</b>	<b>49.1</b>	<b>13,331,463</b>	<b>50.4</b>
<b>Personal deposits</b>				
Time deposits	8,553,919	28.6	7,107,386	26.9
Demand deposits	5,991,387	20.1	5,390,582	20.4
<b>Subtotal</b>	<b>14,545,306</b>	<b>48.7</b>	<b>12,497,968</b>	<b>47.3</b>
<b>Other deposits<sup>(1)</sup></b>	<b>199,465</b>	<b>0.7</b>	<b>250,349</b>	<b>0.9</b>
<b>Accrued interest</b>	<b>454,566</b>	<b>1.5</b>	<b>361,994</b>	<b>1.4</b>
<b>Total</b>	<b>29,870,491</b>	<b>100.0</b>	<b>26,441,774</b>	<b>100.0</b>

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 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	35,579	0.1	38,290	0.1
Yangtze River Delta	6,249,754	20.9	5,436,282	20.6
Pearl River Delta	4,048,164	13.6	3,495,325	13.2
Bohai Rim	7,629,312	25.5	6,885,411	26.0
Central China	4,455,782	14.9	3,900,441	14.8
Western China	4,776,285	16.0	4,320,355	16.3
Northeastern China	1,608,543	5.4	1,410,376	5.3
Overseas and other	1,067,072	3.6	955,294	3.7
<b>Total</b>	<b>29,870,491</b>	<b>100.0</b>	<b>26,441,774</b>	<b>100.0</b>

### **Repurchase Agreements**

Repurchase agreements amounted to RMB574,778 million, RMB208,835 million or 57.1% higher than that at the end of the previous year, principally because the Bank moderately borrowed funds based on management needs.

### **Shareholders' Equity**

As at the end of 2022, shareholders' equity totaled RMB3,513,826 million, RMB238,568 million or 7.3% higher than that at the end of the previous year. Equity attributable to equity holders of the parent company recorded an increase of RMB237,416 million or 7.3% to RMB3,495,171 million. Please refer to the "Consolidated Statement of Changes in Equity" for details.

### **Off-balance Sheet Items**

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

### **Analysis on Statement of Cash Flows**

Net cash inflows from operating activities amounted to RMB1,404,657 million, representing an increase of RMB1,043,775 million as compared to last year, principally due to the increase of net increase of due to customers. Specifically, cash outflows of operating assets increased by RMB1,076,641 million; and cash inflows of operating liabilities increased by RMB2,130,320 million.

Net cash outflows from investing activities amounted to RMB910,621 million. Specifically, cash inflows were RMB3,531,388 million, representing an increase of RMB812,469 million over last year, mainly due to the increased cash proceeds from the sale and redemption of financial investments; and cash outflows were RMB4,442,009 million, representing an increase of RMB1,048,534 million, mainly due to the increase in cash payment for financial investments.

Net cash outflows from financing activities amounted to RMB64,789 million. Specifically, cash inflows were RMB955,862 million, representing a decrease of RMB19,372 million over last year, mainly because no new preference shares, perpetual bonds or other equity instruments were issued in the year; and cash outflows were RMB1,020,651 million, representing an increase of RMB33,864 million, mainly due to the increased cash payment for repayment of debt securities.

### **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 2022 and equity attributable to equity holders of the parent company as at the end of the reporting period have no differences.

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## SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	2022		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<b>Operating income</b>	<b>841,441</b>	<b>100.0</b>	<b>860,880</b>	<b>100.0</b>
Corporate banking	388,915	46.2	398,373	46.3
Personal banking	346,103	41.1	346,172	40.2
Treasury operations	100,374	12.0	111,278	12.9
Other	6,049	0.7	5,057	0.6
<b>Profit before taxation</b>	<b>422,565</b>	<b>100.0</b>	<b>424,899</b>	<b>100.0</b>
Corporate banking	165,771	39.2	140,569	33.1
Personal banking	198,355	46.9	195,658	46.0
Treasury operations	52,740	12.5	85,326	20.1
Other	5,699	1.4	3,346	0.8

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

## Corporate Banking

Insisting on making efforts early on and making targeted and appropriate efforts, the Bank deepened the corporate credit layout of new manufacturing, new services, new basic industries and high-tech customer groups, and constantly improved the adaptability and competitiveness of services for the real economy. The Bank increased the counter- and cross-cyclical credit supply, and carried out a series of activities to help stabilize the macro-economy. It was the first in the industry to launch the campaign of "financing 10,000 enterprises to help stabilize the macro-economy", and held the cloud signing activity of "trillion financing for 100 big projects to promote investment and stabilize economic growth". The Bank strengthened the innovation of corporate digital product system, upgraded the digital industrial finance platforms such as ICBC Finance Pool and ICBC Chain, built the "government service + finance" and "industry + finance" ecosystem, and effectively empowered the digital government building and corporate digital transformation. At the end of 2022, corporate loans reached RMB13,826,966 million, representing an increase of RMB1,632,260 million or 13.4% since the end of last year. Corporate deposits stood at RMB14,671,154 million, representing an increase of RMB1,339,691 million or 10.0%.

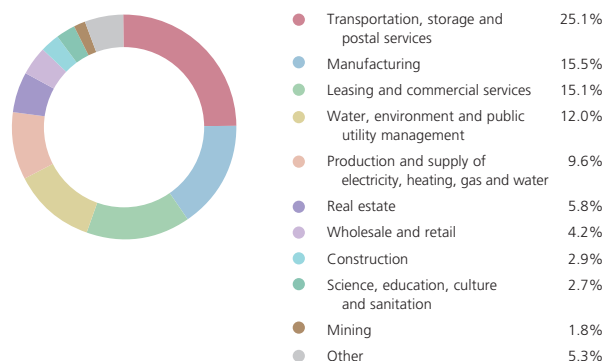
- ✧ New breakthroughs have been achieved in customer base. The Bank deeply conducted the “Net Making and Patching” program, expanded the customer base, improved customer quality, activated customer transactions, and enhanced customer expansion and maintenance capability. While focusing on marketing to four types of high-quality customers, i.e., central enterprises, local state-owned enterprises, multinational enterprises and listed companies, the Bank vigorously expanded medium-sized enterprise customer groups. At the end of 2022, the number of corporate customers increased by 1,002 thousand over the end of the previous year to 10,693 thousand, maintaining a leading position among peers by total number and growth of corporate customers.
- ✧ The Bank served the high-quality development of the manufacturing. It carried out the campaign of “Financial Service Quality Enhancement Program for Manufacturing”, and launched innovative measures such as “professional layout, special list, specific assessment and dedicated resources”. At the end of 2022, loans to manufacturing exceeded RMB3 trillion, ranking first among peers in terms of both the balance and increment of loans to manufacturing, medium to long-term loans to manufacturing and credit loans to manufacturing.
- ✧ The Bank supported self-reliance and self-enhancement in advanced science and technology. The Bank carried out the campaign of “Chunmiao Action” targeting high and new technology enterprises, enterprises featuring “Specialization, Refinement, Differentiation and Innovation” and other key customer groups, and launched the campaign of “Financial Service for National High-tech Industrial Development Zones and High-tech Enterprises” in conjunction with the Torch High Technology Industry Development Center of the Ministry of Science and Technology. At the end of 2022, the balance of loans to enterprises in the high-tech fields supported by the state and that of loans to strategic emerging industries reached RMB1.23 trillion and RMB1.75 trillion respectively.



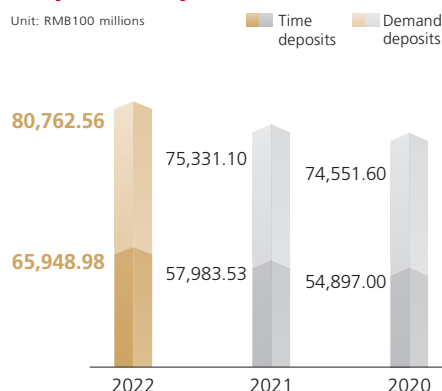
Offshore wind power project in Jiazi Town, Shanwei City, Guangdong Province



### Corporate loans of domestic branches by industry of loan customers



### Corporate deposits



- ✧ The Bank provided comprehensive financial services for private enterprises. It cooperated with the All-China Federation of Industry and Commerce to jointly carry out the campaign of sci-tech innovation in financial services for private enterprises, to help private enterprises accelerate sci-tech innovation. At the end of 2022, the balance of loans to private enterprises reached RMB3.77 trillion.
- ✧ The Bank drove green development with green finance. It actively supported green and low-carbon transformation, especially the financial needs of green industries such as clean energy and green transportation. It took full advantage of structural monetary policy tools such as carbon emission reduction support tools and the clean and efficient use of coal. At the end of 2022, the balance of green loans (under the CBIRC's criteria) amounted to RMB3,978,458 million. The Bank, as the lead underwriter, underwrote RMB56,338 million green bonds in China in the year.
- ✧ The Bank actively integrated into the regional coordinated development strategy. It stepped up financial support focusing on coordinated development of the Beijing-Tianjin-Hebei region, integrated development of the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, the rise of Central China, and the Chengdu-Chongqing economic circle. At the end of 2022, the balance of RMB corporate loans in key regions reached RMB8.81 trillion, accounting for 71.7% of the balance of RMB corporate loans of domestic branches, representing an increase of RMB1.27 trillion over the end of the previous year.

### Inclusive Finance

Driven by innovation and transformation, the Bank further developed the "digital inclusive" model, improved the product system, and innovated the service model. It continuously improved the comprehensive services of inclusive finance to promote the sustainable and high-quality development of the inclusive finance sector. The Bank was rated the best in the regulatory evaluation of financial services of commercial banks for small and micro enterprises conducted by CBIRC for two consecutive years. At the end of 2022, inclusive small and micro enterprise loans amounted to RMB1,550,316 million, representing an increase of RMB451,304 million or 41.1% over the beginning of the year. Inclusive small and micro enterprise loan customers numbered 1,016 thousand, representing an increase of 221 thousand. The average interest rate of inclusive small and micro enterprise loans granted in 2022 was 3.84%. The balance of agriculture-related loans stood at RMB3,300,196 million, representing an increase of RMB648,976 million or 24.5%. The average interest rate of agriculture-related loans granted in 2022 was 3.86%, down 27 basis points from the previous year. The Bank had 355 small and micro financial business centers.

- ✧ The Bank further developed digital inclusive services and continued to refine the three major digital inclusive product systems, namely, Online Revolving Loan, Quick Lending for Operation and Digital Supply Chain. In terms of Online Revolving Loan, the Bank launched e-Mortgage Quick Loan, an innovative online mortgage service that enables whole-process online handling of mortgage services. It enriched the online assessment function for e-Enterprise Quick Loan based on nonstandard collateral such as factory buildings and commercial buildings. In terms

of Quick Lending for Operation, the Bank created national scenarios such as settlement, taxation, employment and cross-border business, as well as regional scenarios including planting, breeding, and specialized markets. It launched "Merchant Loan" based on acquiring information to effectively support inclusive long-tail customers such as self-employed businesses. In terms of Digital Supply Chain, the Bank actively further enhanced cooperation with leading enterprises in key industries, built a financial service system for industrial chain scenarios, and launched customized online financing products to effectively meet the diversified financial needs of production, purchase and sales. It established a supply chain-related financial service platform and accelerated the promotion of platform customization and full-scenario financing services.

- ✧ The Bank shouldered the responsibilities as a large bank to help enterprises solve difficulties. Focusing on key areas and weak links, the Bank refined and implemented 19 special measures to strengthen financial services and solve difficulties for small and micro customers. It improved the emergency financing service system, and enhanced the financial support for the industries such as wholesale and

retailing, accommodation, catering, and foreign trade. The Bank conscientiously implemented the policy of deferred repayment of principal and interest, well conducted fund continuation services, improved online loan renewal procedures, and enabled customer self-service application and automatic system approval.

- ✧ The Bank strengthened the dual supply of credit funds and business opportunities, built a comprehensive financial service system of "financing, consulting and commercial services" for small and micro enterprises, and created a sound development ecosystem. The Bank promoted a series of activities such as "ICBC Inclusive Finance Travel" and "Ten Thousand Small and Micro Enterprises Growth Plan", and provided small and micro enterprises with a package of comprehensive financial services, including financing, settlement and payroll payment agency service. "ICBC Business Matchmaker", a cross-border matchmaking service platform, helped small and micro enterprises access industrial and supply chains, attracted more than 170,000 enterprises from 75 countries and regions, and promoted more than 16,000 cooperation intentions.



"ICBC Xingnongtong" APP, an innovative financial product of the Bank, was launched to help improve the rural financial service system and facilitate rural revitalization.

## Discussion and Analysis

- ✧ Following the development of “digital inclusiveness”, the Bank formed a financing risk management system characterized by “data driven, intelligent warning, dynamic management and continuous operation”, which further consolidated the foundation of risk management. The Bank constantly optimized and iterated access, rating and credit models, and accurately judged customers’ substantial risk status through model control, online and offline cross-validation, and other methods. It strengthened anti-fake and anti-fraud work, selected customer groups with good credit and stable operation, and strictly controlled customer access. By comprehensively integrating internal and external data sources such as financing, settlement, justice, credit reference, taxation and customs, the Bank built a “1+N” intelligent risk control system adapted to the risk characteristics of small and micro enterprises, in order to accurately identify the risk changes during the period of financing. It strengthened the dynamic risk monitoring and early warning, and established a risk control mechanism of “off-site warning by the Head Office + on-site verification by branches”.

### Institutional Banking

- ✧ The reform services in the key areas of China have been deepened. The Bank served the integrated fiscal budget reform, and was the first in the industry to launch a digital integrated system of fiscal budget management. The Bank exerted its utmost to render supporting financial services for the overall reform of social security, constantly improved the features of “ICBC e Social Security” service, and continued to expand the coverage of “social security and banking integrated outlets”. The Bank energetically assisted with the building of a mobile payment and clearing system for medical insurance, and comprehensively promoted the online, convenient and information technology-based medical insurance public services. “ICBC Cloud Healthcare”, an intelligent healthcare open platform, was launched to provide “finance + industry” comprehensive intelligent healthcare scenario program for medical management departments and healthcare institutions at all levels. The Bank established an all-in-one service system – “Intelligent Education”, and took the lead in the industry to launch the “Intelligent Vocational Education Cloud” to advance the development of vocational education. The Bank established an industry-leading ICBC Anxin fund supervision platform to cooperate with education authorities in the supervision of education and training funds, and assist in supervising more than 33,000 education and training institutions. Closely focusing on the reform of judicial system, the Bank took the lead in the industry to launch the “Intelligent Politics and Laws” comprehensive service platform, helped judicial agencies at all levels in China to achieve the whole-process refined management of case funds, improve the efficiency of return of case funds, and reduce the case cycle.
- ✧ Financial market services were further developed in all respects. The Bank strengthened the collaboration with development financial institutions and policy banks, and gave play to the complementary advantages to meet the financing needs of national infrastructure and major projects. It enhanced the syndicate cooperation of strategic projects such as equipment manufacturing, green energy and infrastructure connectivity, and consolidated and promoted the cooperation of the Belt and Road development projects. The Bank continued to strengthen the connection of financial infrastructure services, and was among those in the industry which first obtained the qualification of depository bank designated by Shanghai Futures Exchange for commodity exchange, first conducted registration cooperation in warehouse receipt pledge and completed financing registration with Dalian Commodity Exchange, and first obtained the qualification of settlement bank for connectivity cooperation in the domestic bond market. It was also among those which were first allowed to engage the margin depository business on Guangzhou Futures Exchange. The Bank established a new model of financial services for the real economy, strengthened the innovation of the investment and loan interconnection between banking and securities institutions, and gave play to the complementary advantages of banking and insurance institutions. The Bank worked with Dalian Commodity Exchange to promote the establishment of the “standard delivery warehouse for pigs” in Dazhou City, Sichuan Province, in order to help upgrade the local farming industry. It provided bill brokerage services for more than 8,000 corporate customers and gathered new momentum to serve small and micro enterprises. The output of FinTech had new bright spots. The Bank provided 54 interbank customers with FinTech service programs such as anti-money laundering and risk management, and won the “Outstanding Contribution Award for Financial Risk Control” at the 2022 China Fintech Research Conference.

### Settlement and Cash Management

- ✧ The Bank promoted the digital transformation and development of settlement finance, pushed forward the process optimization and intelligent transformation of the operation mode, and established a new model of ecological marketing services for settlement financial scenarios covering large, medium, small and micro customers. It actively explored supply chain, industrial chain and “financial + non-financial” services, and constantly diversified services. The Bank actively responded to and implemented the national policy of reducing fees, and steadily promoted the reduction of fees for small and micro enterprises and self-employed businesses.
- ✧ The Bank independently developed a treasury information system, gave full play to the advantages of cash management products and services, met the capital management needs in the building of enterprise treasury system through product output, and enabled the financial digital transformation of large domestic enterprises. In line with the development trend of global financial and asset management, the Bank boosted the global treasury management of corporate customers with the help of “zero time lag” information decision-making support, efficient and safe global capital settlement and cross-border position management, rich and comprehensive capital appreciation products and risk mitigation tools. It was awarded the “Best International Cash Management Bank” by *The Asian Banker* for seven consecutive years and the “Best Global Cash Management Bank” by *Treasury China* for four consecutive years.
- ✧ By the end of 2022, the Bank maintained 12,283 thousand corporate settlement accounts, representing an increase of 1,067 thousand over the end of the previous year. It had 1,874 thousand cash management customers, including 10,433 global cash management customers. The volume of corporate settlements reached RMB2,649 trillion in 2022.

### Investment Banking

- ✧ The Bank specially strengthened financing support for manufacturing M&A transactions, focusing on key areas such as the reform of state-owned enterprises, capital market, industrial integration, and the Belt and Road initiative. It built an intelligent marketing system, strengthened the services for key customers such as listed companies, and continued to maintain a leading position in terms of the market share of M&A financing at home and abroad. By number of M&A deals led by the Bank, the Bank ranked first in China in Refinitiv’s ranking of Any Chinese Investment Completed and first in the ranking of China Outbound Announced M&A.
- ✧ The Bank actively assisted in rehabilitating existing assets and expanding effective investment. It supported the innovative development of publicly offered REITs, and strengthened services for infrastructure, sci-tech innovation, advanced manufacturing, green environmental protection and other fields. The Bank innovated equity financing products to help enterprises optimize their capital structure. It expanded actively managed asset securitization business to meet the needs of customers for comprehensive financial services. It advanced the financing rearrangement and enterprise debt restructuring, and defused the liquidity pressure and potential risks of customers. The Bank enriched the digital investment banking service scenarios and cultivated the brands such as ICBC ISP, “AI+”, ICBC e Intelligence “Platform+”, ICBC e Security “Risk Control+”, ICBC e RM “Financial Management+”, and ICBC e Confirmation Service “Credit+”.
- ✧ The Bank continued to consolidate its advantages in bond underwriting, and, as a lead underwriter, underwrote 2,716 domestic bond projects in 2022, with a total amount of RMB2,028,748 million. The Bank fully supported the national ESG transformation strategy, and, as a lead underwriter, underwrote RMB145,713 million worth of ESG bonds, including green bonds, sustainable development-linked bonds, and social responsibility bonds.

## Discussion and Analysis

### Bills Discounting Business

- ✧ The Bank followed the trend of providing differentiated bill services for key fields and industrial customers. It advanced supply chain bill business steadily and efficiently, and launched the universal supply chain bill business on Bill Financing Comprehensive Management System. It was one of the first institutions connected with the new-generation bill business system of Shanghai Commercial Paper Exchange. The Bank had also put "ICBC Manufacturing Companionship" bill innovation project in support of manufacturing industry into service with all functions, and launched "Rural Revitalization Discounting", a pioneer bill product that provides chain services for agriculture-related industries.
- ✧ In 2022, the Bank had discounted bills at an amount of RMB2,204,409 million, featuring an increase of 29.0% as compared to last year, and kept the leading position in the market. The Bank was awarded "Excellent Market Organization", "Excellent Underwriter", "Excellent Discounting Organization" and "Excellent Dealer" by Shanghai Commercial Paper Exchange.

### Personal Banking

In 2022, the Bank focused on the strategic requirements of further building the No.1 Personal Bank and accelerated the ecological construction and digital transformation of personal banking. Being customer-centric, the Bank continued to improve the tiered and classified maintenance of customers. Focusing on the core financial needs of personal customers, it built a new ecosystem of wealth management, consumer finance, payment and settlement, and account management services, and promoted high-quality business development.

- ✧ The Bank accelerated the ecological construction of personal customers and enhanced GBC three-end collaborative operation capability. The Bank seized market opportunities such as rural revitalization, the third pillar of pension and new citizens and actively developed new customers. For the customer groups such as payroll payment agency service, generation Z, and the elderly, the Bank worked on the operation and promotion of key customer service brands such as "ICBC Salary Manager", "ICBC i Xiaoyu", and "ICBC Aixiangban". Focusing on high-frequency life scenarios such as living, travel and education, as well as different local life scenarios, the Bank integrated financial services into daily life to improve the applicability and availability of services. Tailored to customer needs, the Bank integrated personal customer financing services,

and formed a new full-process service model of credit card, credit loan, collateralized loan.

- ✧ The Bank facilitated the digital transformation of personal banking. The Bank improved the unified view of personal customers, strengthened the construction of "Intelligent Brain" to steer the marketing services of personal banking, and make personal customer marketing more intelligent and targeted. Centering on the core needs of customers, the Bank pooled resources to create new product and service architectures such as open wealth management platform, a new generation of personal loan system and ICBC Lingtong Account, and improved professional service capabilities. With "mobile banking + ICBC e Life" as a main platform, the Bank strengthened the promotion of an open wealth community, advanced the building of open banks such as Ju Fu Tong and e Wallet, and created an open platform and a light portal. While building a unified risk view for personal customers, the Bank made efforts to enhance intelligent risk control capabilities and the capabilities of early warning, in-process intervention and ex post verification of risks.
- ✧ Focusing on customer needs and capital flows, the Bank acquired new customers and new funds, and improved the quality and efficiency of existing customers. The Bank increased the supply of deposit products for key customer groups, and constantly enhanced the stability of personal deposit growth. In response to the changes in the market, the Bank enhanced financing support for market entities such as small and micro enterprises, self-employed businesses and truck drivers, continued to optimize the structure of personal loan products, and launched innovative products, including Ease Long-term Loan, Consolidate Preferential Loan and Revolving e Loan. Consumer loans and business loans both achieved rapid development. The Bank built an "own platform + third-party payment + e-CNY" payment ecosystem, which provides customers with intelligent and scenario-based payment and settlement services.
- ✧ At the end of 2022, the number of personal customers increased by 16.72 million over the end of the previous year to 720 million. Personal financial assets totaled RMB18.66 trillion. Specifically, personal deposits reached RMB14,545,306 million, representing an increase of RMB2,047,338 million or 16.4%. Personal loans stood at RMB8,236,561 million, representing an increase of RMB291,780 million or 3.7%. Funds under agency sales amounted to RMB368.8 billion, government bonds under agency distribution were valued at RMB62.2 billion, and personal insurance products under agency sales reported at RMB114.4 billion.



### Private Banking

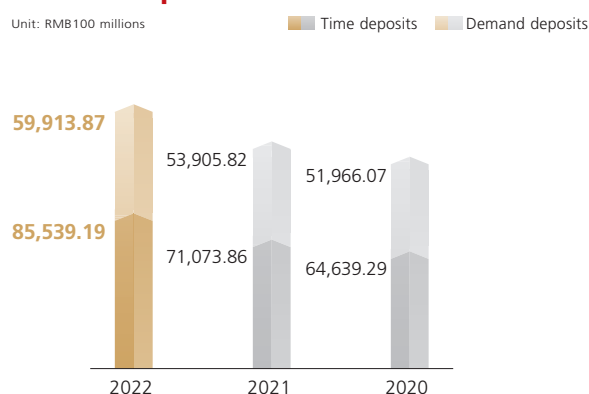
- ✧ The Bank adhered to product and service innovation. Relying on the advantages of group financial services, the Bank integrated the service resources of investment and financing products, and strengthened the operation and maintenance management of the whole lifecycle of products. It built a product selection system, and worked with ICBC Wealth Management to steadily expand the agency sales of wealth management products of other institutions. The Bank comprehensively upgraded the exclusive rights and interests of family trust business, held two entrepreneur seminars, and created scenarios to improve customer's sense of respect and experience. 420 "Entrepreneurs Service Centers" were listed in 280 key cities and regions of China.
- ✧ In cooperation with China Charity Alliance, China Charity Federation and other authoritative associations and organizations, the Bank established the "Partner Charity Trust", pooled funds to assist scientific research and charity, and connected wealth to public service fields.
- ✧ The Bank was awarded the "Best Private Bank, China" by *The Asset*, the "World's Best Private Bank for Entrepreneurs" by *Global Finance*, and "High Net Worth Professional Service of the Year in China" by *The Asian Banker*.
- ✧ At the end of 2022, the Bank had 226.0 thousand private banking customers, representing an increase of 26.5 thousand or 13.3% over the end of the previous year. The assets under management totaled RMB2.63 trillion, representing an increase of RMB302.9 billion or 13.0%.

### Bank Card Business

- ✧ ICBC e Life platform was upgraded in all respects. The Bank launched a new version of e Life 5.0 focusing on the four major segments, i.e., "Life Spending, Installment Products, Credit Rewards, Bank Account". The Bank created a non-financial ecosystem centering on three life circles – "scenario life, office life and community life", and initially formed an online and offline consumption ecosystem. Based on the business development philosophy of "mega merchants", the Bank established a pan-financial ecosystem of merchants through GBC+ interconnection and diversified operation, and utilized its digitization achievements to facilitate the diversified operation of merchant customers.
- ✧ The Bank launched the first green and low-carbon credit card – "ICBC-China Southern Power Grid Co-branded Credit Card". The Bank also launched the "Xinrui Future Card" for new citizens who start business or get employed in urban areas after graduation from universities or secondary specialized or technical schools, and the "ICBC i Future Credit Card" for young customers of Generation Z, so as to improve customers' financial service experience through exclusive customer group products.
- ✧ By the end of 2022, the Bank had issued 1,219 million bank cards, an increment of 50.33 million compared with the end of last year. Specifically, 1,054 million debit cards and 165 million credit cards had been issued. The overdraft balance of credit cards reached RMB640,152 million. In 2022, ICBC bank cards registered a spending volume of RMB19.71 trillion, including RMB17.42 trillion from debit cards and RMB2.29 trillion from credit cards.

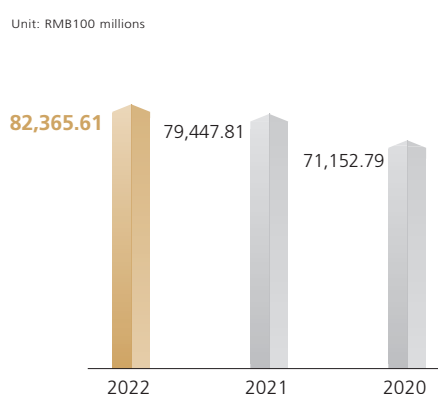
#### Personal deposits

Unit: RMB100 millions



#### Personal loans

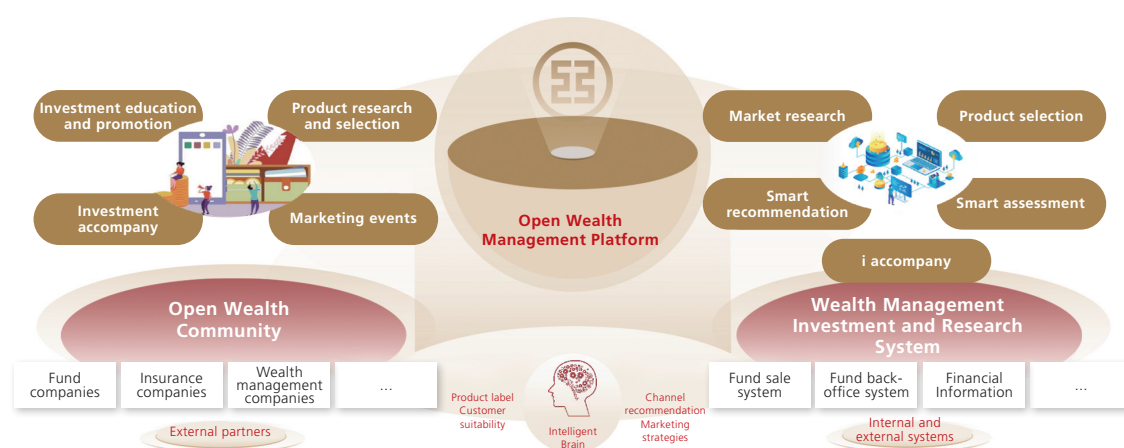
Unit: RMB100 millions





### Innovating Wealth Management Services to Promote Common Prosperity Strategy

The Bank thoroughly implemented the national strategy of common prosperity, performed the political mission and responsibility of a large state-owned bank, and adhered to the “people-centered” concept. It continued to deepen the No.1 Personal Bank Strategy, innovated wealth management services, and launched an open wealth management platform. The Bank provided customers with full-process companionship services before, during and after investment through investment education and promotion, investment accompany, product research and selection and other new service modes. The Bank made wealth investment more universal, convenient and considerate with such full-process companionship services as market research, product selection, smart recommendation, smart assessment and i accompany.



**First, researching the market and following the trend.** The community selected market data, industry research reports and other information, and provided professional analysis on macro-economy, market sentiment, asset allocation, industry dynamics, etc. in a timely manner. It also provided exclusive interviews with industry elites, to closely track market hot spots and changes, and help customers keep their head clear and make rational choices at all times.

**Second, selecting products and striving for excellence.** The Bank evaluated and labeled products using both quantitative and qualitative methods, and quickly located products with long-term investment value among thousands of wealth management products. It built a product research and selection pool, and optimized it from time to time through long-term performance tracking and risk monitoring.

**Third, smart recommendation specific to customers.** The Bank innovatively launched Five Dream Plans with a profound insight into the needs of different groups, including wealth beginners, influencers in wealth management, parents, wage earners and the elderly. According to the risk appetite and risk tolerance of customers, the Bank provided them with personalized long-term companionship services before, during and after investment, including asset planning, product allocation and position diagnosis, so as to help all customers realize their wealth dreams.

**Fourth, long-lasting smart assessment.** The Bank was committed to evaluating the wealth health of each customer, analyzing investment profits and losses, measuring the income and anti-risk capability of the products held, the cost effectiveness of investment and the management ability of fund managers, and assisting customers in adjusting their asset portfolios in a well-timed manner.

**Fifth, i accompany with care.** Relying on powerful financial technology, the Bank accompanies every customer on their journey of wealth growth by enabling wealth management virtually.

In the future, the Bank will continue to adhere to its original intention of serving the national economy and the people's livelihood, continue to diversify financial services, and accelerate the building of a people-centered mega wealth management system, so that customers can effectively experience the sense of access to wealth services, happiness and security. The Bank will contribute to the common prosperity of all people.



### Asset Management Services

The Bank strictly implemented regulatory requirements, actively seized development opportunities, and enhanced investment management and research capabilities on all fronts. A customer-centered “ICBC Asset Management” brand was launched to improve the professionalism of financial services such as wealth management, fund, insurance, pension, etc. The Bank leveraged the license advantages of diversified subsidiaries of fund, insurance, leasing, investment banking and wealth management to jointly meet customers’ diversified financial needs for both products and investments.

### Wealth Management Services

- ✧ The Bank implemented the New Rules on Asset Management and regulatory requirements, seized the market development opportunities, and cultivated qualified investor customer groups. It adhered to investment research and technology empowerment, steadily reduced existing wealth management size and improved duration management. At the end of 2022, the balance of wealth management products reached RMB2,144,256 million. Specifically, the balance of wealth management products of ICBC Wealth Management was RMB1,762,288 million. Please refer to the section headed “Business Overview – Diversified Operation and Subsidiary Management” for details on the business development of ICBC Wealth Management.

### Asset Custody Services

- ✧ New breakthroughs were made in key products, and the Bank’s leading position in the industry was further consolidated. Some innovation products were newly under custody, including Specialization, Refinement, Differentiation and Innovation Index Fund, Carbon Neutrality Index Fund and BSE 50 Index Fund. The first batch of pension and wealth management products, personal pension insurance products and other personal pension products were under the Bank’s custody. The Bank also stayed ahead of peers in terms of the scale of “Southbound Connect” custody business. At the end of 2022, the insurance assets under the Bank’s custody amounted to RMB6.3 trillion. The mutual funds under custody reached RMB3.5 trillion. The pension funds under custody stood at RMB2.5 trillion. The outsourcing business of asset management products totaled RMB2.3 trillion. All these products ranked first in the industry.

- ✧ Brand value and industry influence improved significantly. The Bank held the “Full Custody” service brand presentation, launched the first custody service brand in the industry, and improved the service philosophy of “accompanying you all the way with comprehensive and considerate services”. It was awarded the “Best Custodian Bank, Onshore, China” and the “Best Insurance Custodian, Onshore, China” by *The Asset* and the “Tianji Award for Outstanding Asset Custodian Bank” by *Securities Times*.
- ✧ At the end of 2022, the size of custody business<sup>1</sup> reached RMB20.9 trillion.

### Pension Services

- ✧ Personal pension business was promoted steadily. The Bank worked closely with the regulatory authorities to carry out personal pension policy research, process design and system building. The Bank made every effort to create a personal pension financial service system satisfactory to the people, and helped formulate and promote personal pension system. The Bank actively participated in the pilot projects of specific pension savings, pension wealth management products and other pension financial products, created a full-category, shelf-type personal pension product system, and highlighted the pension attribute and inclusive features in respect of product design, investment arrangement, rate setting, etc.
- ✧ The quality and efficiency of operation service kept improving. The Bank improved customer services, continuously strengthened the classified management of customers, and paid return visits to customers through multiple channels. The Bank initiated the centralized operation of pension business on a trial basis, refined the operation service process, and improved intensive operation of business remarkably.
- ✧ At the end of 2022, the annuity funds under custody amounted to RMB473.9 billion. The Bank managed 12.49 million individual enterprise annuity accounts, and the annuity funds under custody reached RMB1,245.7 billion. The Bank led other banks in terms of the scale of enterprise annuity funds under the Bank’s trusteeship, number of individual enterprise annuity accounts and annuity funds under the Bank’s custody. The Bank won the “Tianji Award for Pension Financial Services Bank” by *Securities Times* and the “Top 10 Digital Wealth Management Innovation” by *The Chinese Banker*.

<sup>1</sup> According to the latest regulatory criteria of CBIRC, fund supervision business is not included in the size of custody business.

### Financial Market Business

#### Money Market Activities

- ✧ In terms of RMB, the Bank actively fulfilled its responsibilities as a large bank, took the initiative to increase financing and assisted in maintaining a proper and adequate level of liquidity supply and the stable operation of interest rates in the interbank money market. The Bank kept a close eye on macro situation and market trend, scientifically formulated financing strategies, reasonably designed financing varieties and maturity structure, and improved the efficiency of capital operation. The Bank persisted in taking the initiative to prevent risks, continued to improve rules and systems, strictly implemented risk control requirements, and ensured business compliance.
- ✧ In terms of foreign currencies, the Bank closely tracked changes in the fund liquidity and interest rates of foreign currency markets. While ensuring liquidity safety, it flexibly employed foreign currency market operation tools to support the foreign currency financing needs of the real economy. The Bank enriched foreign currency market operation tools, and was among the first to conduct foreign currency C-lending transactions in the interbank market, foreign currency bilateral repo transactions for bonds under CCDC custody and third-party foreign currency repo transactions with ESG bond basket as collateral. In 2022, the Bank won many honors, including the “Best Foreign Currency Lending Panel Bank” and the “Best Foreign Currency Lending Member” conferred by China Foreign Exchange Trade System.

#### Investment

- ✧ In terms of RMB bonds, the Bank adhered to serving the real economy, and played a key role in financial services. It ranked first in the market for eight consecutive years in terms of the balance and increment of local government bonds. The Bank continued to well conduct investment in the enterprises of key fields, including green development, rural revitalization and advanced manufacturing.
- ✧ In terms of foreign currency bonds, the Bank constantly strengthened study and judgment on the trends of foreign currency interest rates and credit spread and steadily engaged in foreign currency bond investment. The Bank dynamically adjusted the structure of investment portfolios, actively promoted investment in non-USD currencies, such as AUD and

EUR, and improved the use efficiency of foreign currency funds. The Bank increased support for green finance and steadily advanced “Southbound Connect” transactions. In 2022, the Bank came in first among Chinese banks in the selection of “Top Investment Houses in Asian G3 Bonds” by *The Asset*.

#### Treasury Trading Business on Behalf of Customers

- ✧ In terms of foreign exchange settlement and sales and foreign exchange trading on behalf of customers, the Bank actively publicized the concept of foreign exchange risk neutrality through online and offline channels, centralized salons and door-to-door visits, traditional media and new media, so as to help enterprises manage exchange rate risks. The Bank constantly improved online transaction functions and customer experience, and enriched tradable currencies to meet the diversified, convenient and personalized exchange hedging needs of customers. The Bank promoted business innovation and development, and entered into the first RMB/foreign exchange options transactions on behalf of customers on the bank-enterprise platform. It promoted forward settlement and sales of foreign exchange under third-party guarantee to small and medium-sized foreign trade enterprises, and the USD interest rate swap transactions on behalf of customers linked to SOFR in combination with the reform of international benchmark interest rates.
- ✧ In terms of corporate commodity derivative trading, the Bank exploited the Group’s advantages to help enterprises cope with the risk of price fluctuations in the global commodity markets and achieved smooth operation of commodity trading.
- ✧ In terms of the over-the-counter (“OTC”) bond business, the Bank distributed the first financial bond with the themes of major water conservancy projects and green bond of the Agricultural Development Bank of China, as well as the OTC local government bonds in 35 provinces (autonomous regions, municipalities directly under the Central Government, and cities specifically designated in the state plan), assisting in major projects, green finance and regional development. The Bank was awarded the “Excellent Underwriter Award for Over-the-Counter Circulating Bonds” and the “Excellent Underwriter Award for Over-the-Counter Local Government Bonds” by China Central Depository & Clearing Co., Ltd., and the “Excellent Participant in OTC Bond Business” by Shanghai Clearing House.

- ✧ The Bank actively served foreign institutional investors from more than 60 countries and regions, to meet their needs of investing and trading in China's interbank market. It won the "Award for Market Influence of the Year – Opening-Up Participants" and the "Market Innovation Award – Cross-border Service Innovation" granted by the National Interbank Funding Center, the "Excellent Settlement Agent under Global Connect Business" and the "Excellent Contributors to International Business" granted by China Central Depository & Clearing Co., Ltd., and the "Bond Connect Market Promotion Award" granted by Bond Connect Co., Ltd.

### Asset Securitization Business

- ✧ In 2022, the Bank issued four asset-backed securities, of which one was a personal residential mortgage securitization program and three were non-performing loans securitization programs, with a total amount of RMB11,375 million.

### Precious Metal Business

- ✧ The Bank developed high-quality physical precious metal products for the customers of different scenarios and regions. The Bank carried out circle marketing to parents and Generation Z customer groups, and launched the first "Harry Potter" series co-brand products designed by fans. Focusing on regional cultural characteristics, the Bank developed regional brand products such as the "Magnificent Jilin", the "Magnificent Liaoning" and the "Magnificent Shanxi", integrating the representative cultural elements of each region.
- ✧ The Bank improved precious metal services for corporate and institutional customers. Focusing on the green and low-carbon transformation and development needs of enterprises in the industrial chain of precious metals, the Bank realized the leasing of precious metals to enterprises in emerging fields for the first time. It steadily promoted corporate agency price asking, trading on behalf of customers and interbank precious metal business. In 2022, the Bank ranked first in the market in terms of the amount of clearing on behalf of Shanghai Gold Exchange, and the scale of gold enterprise leasing and interbank leasing, and was reelected "First Prize Winner of the Excellent Financial Member" by Shanghai Gold Exchange.

### FinTech

Centering on the FinTech development plan during the 14<sup>th</sup> Five-Year Plan period and the general plan for deepening digital transformation, the Bank facilitated the building of a "tech-empowered bank" and "D-ICBC", reinforced production safety and deepened the innovative technology-driven capacity. It strengthened the application of data governance and empowerment, enhanced the capacity of rendering financial services, continued to improve the scientific and technological innovation system and actively promoted the high-quality development throughout the Bank.

In 2022, the Bank was ranked at first place in the banking industry in CBIRC's IT supervision ratings, keeping the leading position among peers. The Bank's six technical achievements won PBC's "FinTech Development Awards", of which ICBC global payment and clearing system won the First Prize, staying ahead of peers in terms of the number of awards. The Bank was the only one in the banking industry to win the title of "Top 10 Brands in Data Management for the Year 2022". The Bank won the "Best Financial Innovation Award" and the "Top 10 FinTech Innovation Award" conferred by *The Chinese Banker* and the "International Best Cloud Computing Project" and the "Best Data Management Project" again conferred by *The Asian Banker*.

### Reinforcing the Production Safety

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

- ✧ The Group's network and information security system kept improving. The Bank took the initiative to reinforce external threat intelligence monitoring and protection measures, and improved the dynamic security capability of the Group by building a comprehensive honeynet system, deploying a host security protection system, and introducing a pilot zero trust system framework. The Bank actively promoted the security protection of key information infrastructure, and was named as a pilot demonstration unit for security protection of key information infrastructure. The Bank strengthened

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the cultivation of network security professionals and the research and reserve of core capabilities of attack and defense, and jointly built the first comprehensive financial attack and defense shooting range in the industry with domestic leading research institutions in the field of network security.

- ✧ The transformation of production, operation and maintenance was advanced as scheduled. The Bank established an open platform disaster recovery system. It was the first in the banking industry to successfully complete sudden and practical emergency drills organized by regulatory authorities, and successfully winded up the annual business-level nonlocal disaster recovery drill. The completeness of the emergency management system was effectively verified. The Bank built an operation and maintenance data center and an operation and maintenance service platform, which effectively improved the monitoring efficiency of important application systems, and significantly reduced the switching time of emergency response.
- ✧ The management of data security and information protection kept improving. The Bank facilitated the implementation of tiered and classified data security standards and the protection of customers' sensitive information, and strengthened the implementation of industry standards. The Bank launched a data security management module of the enterprise-level data governance platform, established an identification rule library to drive the automatic implementation of standards, and enhanced the data security management based on data classification. The Bank conducted risk self-assessment on the data security in the fields of data security management, data security protection, and data security operation and maintenance, and continued to improve the bank-wide data security protection.

### Deepening Innovative Technology-Driven Capabilities

The Bank adhered to technology self-reliance, updated ECOS technology ecosystem, promoted technology breakthrough in key fields of infrastructure system, and strengthened research and application of cutting-edge technologies. A series of new enterprise-level technology platforms with industry-leading advantages were built up. As at the end of 2022, the Bank had the most newly added and accumulated patents among Chinese banks, and led the industry in terms of the number of industry standards it established.

- ✧ The Bank strengthened the capabilities of technical support for "cloud computing + distributed"

core platforms. It continued to promote the new generation of cloud platform, and stayed ahead of peers in terms of the scale of cloud access and platform capabilities. Its financial cloud platform has been awarded the "International Best Cloud Computing Project" by *The Asian Banker* for two consecutive years. The Bank's distributed technology system was further enhanced, with an average daily service invocation of over 17 billion times, and won the First Prize of "Dingxin Cup" in digital technology innovation conferred by the China Academy of Information and Communication Technology.

- ✧ The technical support capabilities of enterprise-level new technology platform were enhanced. Its AI technology platform was the first in the financial industry to pass the "application maturity of AI development platforms" universal assessment and obtain the highest level of certification. Its blockchain integrated multi-party security computing technology to facilitate the safe and reliable circulation of data assets. The Bank has been selected as part of "Global Blockchain 50" by *Forbes* for two consecutive years. "ICBC Anxin Asset Management Blockchain" was selected as one of the national blockchain innovation and application pilot projects. The Bank's privacy computing platform was the only pilot demonstration project for big data industry development selected by the Ministry of Industry and Information Technology in the banking industry.
- ✧ The middle-office data empowerment was enhanced. The Bank promoted the data entry and sharing of the data lake, with a total of 45,000 tables entered into the data lake. It established a hierarchical data center system, adding knowledge map, customer tag, data service and other elements, and supported the construction of more than 300 key scenarios such as bank-wide digital operation, joint risk prevention and control, and outlet connect. The Bank intensified data asset management, activated data element ecosystem, and completed the preparation of 11 industry standards for the fields such as data security management and federal learning.

### Enhancing the Capability of Rendering Financial Services

Focusing on needs of national strategies such as serving the real economy, preventing financial risks and deepening the financial reform, the Bank deepened FinTech empowerment and data application from the dimensions of marketing, risk control and operation etc., and developed a series of quality services satisfactory to the people.



- ✧ Digital marketing capability was strengthened. The Bank took full advantage of AI and big data and upgraded the “Intelligent Brain” of marketing throughout the front, middle and back offices to meet the different needs of all customers. The Bank established a fully connected credit card marketing service system to transmit data between marketing resources, marketing channels and marketing nodes in the market, realized the digital marketing and intelligent service of credit card products, and enabled the marketing staff to actively remind and serve target customers. The Bank innovated the corporate banking marketing management system, established the differentiated smart marketing system and the special version of mobile smart marketing, carried out digital marketing for various corporate customer groups, and enriched digital services such as GBC fund retention and corporate boutique smart marketing.
- ✧ The Bank enhanced digital risk control and advanced the building of “ICBC e” series of risk control systems. Based on “ICBC e Security”, the first financial risk information service product in the banking industry, and hundreds of risk categories and more than 3 billion data, the Bank provided multi-channel service modes such as API, APP and web page using big data and information technology. It served nearly 100,000 domestic enterprise customers and over 300 customers in the banking industry. “ICBC e Prevention” credit risk monitoring system provided comprehensive services for the Group’s credit risk prevention and control, and achieved post-lending intelligent monitoring of infrastructure, green energy and other fields relying on big data and industrial remote sensing identification technology. The Bank built an enterprise-level anti-fraud platform – “ICBC e Shield” to enhance the capabilities of managing and monitoring enterprise-wide risk, market risk and personal customer risk. It supports round-the-clock real-time blocking of transaction risk. The Bank established the brand of “ICBC e Control” to meet the needs of the Group’s business scenarios such as internal control and compliance management, supervision, inspection and evaluation, operational risk of case prevention and anti-money laundering management, and provide strong system support for the Group’s internal control and compliance management.
- ✧ A digital operation system was built. The Bank utilized OCR technology to realize the intelligent identification of business voucher elements such as cheques and power of attorney, with an average monthly processing volume of more than 17 million

transactions. It utilized voice recognition, voiceprint recognition, voice synthesis and other technologies to build complete voice recognition and feedback capabilities, which were widely used in various business scenarios such as intelligent customer service and intelligent marketing. It covered 108 channels and 2,400 business scenarios such as mobile banking and telephone banking, as well as multiple business fields including personal banking and inclusive finance. The volume of intelligent service sessions reached 620 million. The Bank accelerated the application of the “technology in lieu of man” scenario, releasing workload of more than 18,000 persons in the year. It was the first in the industry to launch a digital employee operation management platform, and innovatively launched digital employees such as Gong Xiao Ban, Gong Xiao Xun and Gino (Gong Xiao Zhi).

### Continuously Improving Technical Innovation System

The Bank implemented the national decisions on the reform of sci-tech system and mechanism and the building of sci-tech talent team, deepened the reform of FinTech system, and consolidated the foundation of scientific and technological innovation talents. It promote penetration of the sci-tech gene, continued to improve financial innovation response efficiency and supply capability, and unleashed the vitality of the Bank’s FinTech innovation. The Bank invested RMB26,224 million in FinTech in 2022, and it had 36 thousand FinTech personnel, accounting for 8.3% of all employees across the Bank. It had more than 7,700 data analysts.

- ✧ Organizational structure kept improving. Centering on the needs of the national strategy of regional coordinated development, the Bank established eight digital transformation demonstration banks, and further improved and extended the significance of digital transformation and digital finance through practice. It explored effective ways of in-depth integration of business, data and technology, promoted financial digital transformation in all areas by pilot projects in certain areas, and better met the development needs of key regions. The Bank developed a new operation layout, established an operation center of data middle-office, and set up a FinTech ecosystem expansion team and promoted business ecosystem expansion through technological cooperation.
- ✧ The Bank closely followed the guidance of national sci-tech policies and improved the incentive system for sci-tech innovation. The Bank established a

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multi-dimensional special incentive mechanism for digital transformation to reward key talents of key projects and those who made key technology breakthroughs. It provided more suitable incentives for outstanding technological innovation talents, and fully unleashed the innovation vitality of talents.

- ✧ The Bank stepped up efforts to cultivate sci-tech talents and laid a solid foundation of innovation talents. The Bank further strengthened the introduction of sci-tech talents, carried out special social recruitment of sci-tech and data talents for the first time, and conducted cross-department joint cultivation of digital elites and centralized cultivation of sci-tech elites. The Bank deepened the flow of sci-tech and business talents at different levels, selected nearly 1,000 sci-tech talents for business exchange and grass-roots job training, and promoted the penetration and integration of the sci-tech gene into business management through talent flow.

### Internet Finance

The Bank accelerated the construction of digital finance service system, promoted the innovation of online platforms as a whole, and cultivated new drives of digital operation to boost the digital development of economy and society. In 2022, digital business accounted for 98.9% of total. The Bank won a number of major awards for internet finance, including the “Best Digital Consumer Bank in Asia Pacific”, the “Best Digital Consumer Bank in China” and the “Best Digital Corporate Bank in China” awarded by *Global Finance* and the “Best Mobile Banking Technology Implementation in China” by *The Asian Banker*.

### Building A New Pattern of “Own + Open” Online Platform Construction

- ✧ The Bank made every effort to develop the “Best Mobile Banking”. It launched Personal Mobile Banking 8.0, reshaped 18 categories of services, improved more than 500 functions, and brought customers new experience of faster, stronger and more interesting digital finance. The Bank applied such technologies as face scanning and gravity sensing, innovated global green pass, carbon account book, digital collection and other new functions, and further enhanced digital intelligence. The Bank launched the special columns and editions of wealth community, new citizens, personal pension and youth edition, and further strengthened its wealth companionship services. The Bank innovated the family trust account service, and took the lead in the industry to complete the aging and barrier-free

transformation of internet banking. It was among those which first obtained the “information barrier-free” logo from the Ministry of Industry and Information Technology, further improved its aging services. At the end of 2022, the Bank had 516 million personal mobile banking customers, with more than 174 million monthly active mobile users, ranking first in the industry in terms of customer base and activity.

- ✧ The Bank built a core business and service platform of corporate digital finance. The Bank continued to consolidate the market advantages of corporate internet banking and mobile banking to cater for the needs of corporate customers for online account, payment, investment and financing. The Bank assisted in the expansion and quality improvement of inclusive finance, deployed credit, mortgage, supply chain and other inclusive scenarios online in corporate internet banking and mobile banking, and continued to iterate the exclusive version of inclusive corporate mobile banking. Focusing on the field of “Specialization, Refinement, Differentiation and Innovation”, the Bank accurately matched differentiated online financing services with corporate internet banking and mobile banking, and systematically supported the transformation and upgrading of modern manufacturing and strategic emerging industries. At the end of 2022, the Bank had 13.56 million corporate internet banking customers, 5.14 million monthly active corporate internet banking customers and 2.13 million monthly active corporate mobile banking customers, leading the industry in terms of customer size and activity.
- ✧ The Bank empowered GBC+ customer ecological expansion with open finance. It built a platform-based financial service system to boost digital transformation of governments and industries. The Bank accelerated the market expansion of “ICBC Ju Fu Tong” platform, innovated the “Education Cloud 2.0” smart campus construction plan and sped up the expansion of the basic education market. It applied the “Industry and Finance Cloud” platform to the digital transformation of production, supply and marketing of traditional enterprises.
- ✧ The Bank accelerated the deployment of financial service channels in counties and rural areas. “ICBC Xingnongtong” APP, an innovative financial product of the Bank, was launched to help improve the rural financial service system and facilitate rural revitalization. The Bank continued to enrich product capabilities and ecological scenarios, launched 12 basic financial services such as card application, loan and payment, and deployed the exclusive channel of



ICBC for the credit express services of the Ministry of Agriculture and Rural Affairs. It integrated the “Digital Villages” rural government platform and the “Agricultural Matchmaking” agricultural sales platform, and introduced the “Farmers’ Classroom” and other agriculture-related production and life scenarios. By the end of 2022, “ICBC Xingnongtong” APP service had covered more than 1,800 counties.

### Cultivating New Drives of Remote Services, Digital Operation and Digital Risk Control

- ✧ The Bank accelerated the upgrading of remote banking services. The Bank reinforced intelligent services, human-machine collaboration and cross-channel collaboration, enhanced the capabilities of online problem solving, business handling and complaint handling, and created comprehensive remote intelligent services. It established the most complete new media matrix in the industry, and expanded new channel contacts. The Bank’s remote banking center has made it the first institution in the industry to integrate online omni-channel access and operation as well as remote intelligent services. The Bank accelerated the intelligent transformation of remote services, widely used new technologies such as multi-round dialogs, knowledge graph, RPA robot scenarios, and innovated the “answer before asking” service prediction model to improve service efficiency. In 2022, the intelligent customer service-Gino was awarded the “Best Chatbot Application in China” by *The Asian Banker*. Through various forms of remote services such as “On-site Customer Service + Home Agent Customer Service”, “intelligent + self-service + manual”, and “voice + text + audio and video”, the Bank ensured the continuous stability of remote services. In 2022, the Bank provided remote banking services for more than 1.1 billion customers, with nearly 2 billion transactions.
- ✧ The Bank established an online customer operation system and formed an intensive and refined online operation mode centered on customers. The Bank improved the full-journey services for customers, and realized the intelligent and online promotion of financial products to better meet customers’ financial service needs. The Bank coordinated the basic operation of online customers, and developed “Xianghui Thursday”, “Huiju Weekend” and other campaign brands, with more than 200 million participants in each campaign month. The Bank

advanced the building of “Zhike”, an enterprise-level digital customer operation platform, realized the one-point access to all strategies, and made entire online scenarios available. The Bank deepened the building of a collaborative online customer operation mechanism, and promoted the online access for all customers.

- ✧ Digital risk prevention and control was strengthened. The Bank kept improving the in-process risk control system for online financial transactions and established a risk transaction identification mechanism of “intelligent model + expert rules + various lists”. In 2022, the in-process risk control system for online financial transactions successfully blocked more than 200,000 fraudulent transactions, avoiding customer losses of over RMB1 billion.

### Accelerating Online and Offline Integrated Development

- ✧ The Bank continued to promote the online and offline integrated operation mode. In 2022, its online and offline integrated service had covered 33 types of individual and corporate business scenarios, with 45.3 million transactions handled. In key scenarios, more than 90% of transactions had been carried out online.
- ✧ The Bank innovated diversified and open service channels and models. It deeply promoted the “Cloud ICBC” non-contact service brand, and upgraded and promoted “Cloud Outlets” and “Cloud Studio” relying on mobile banking, the Bank’s WeChat official account and applet. The Bank provided online financial services via more than 15 thousand “Cloud Outlets” and 28 thousand wealth managers, and registered more than 800 million visits to “Cloud Outlets” in 2022. The Bank innovated the “Ma Shang Ying” partner marketing model, comprehensively promoted corporate WeChat platforms, improved the online contact with customers and empowered offline outlet marketing services.
- ✧ The Bank gave play to the role of remote banking in online and offline connection. It strengthened the connection between remote banking and mobile banking and intelligent machines and tools at outlets, and continued to enrich “screen to screen” non-contact consulting, auditing and other services. In 2022, the business volume of “screen to screen” non-contact services reached 5.12 million accumulatively.



### ICBC Launched Mobile Banking 8.0

On 18 November 2022, the Bank officially launched Mobile Banking 8.0. With the theme of “Wealth Discovery”, Mobile Banking 8.0 reshaped 18 categories of services, and improved more than 500 functions. With innovations of smart discovery, wealth management, simple experience and customer group exclusiveness, it brought customers new experience of faster, stronger and more interesting digital finance, and achieved intergenerational leapfrog development. The release of version 8.0 further won market recognition and enabled the Bank to take the lead in the banking industry to have more than 500 million mobile banking customers.



**A new “Discovery” tab further enhanced intelligent capability.** The Bank was the first in the banking industry to launch the “Discovery” tab. With an insight into big data from six dimensions such as customer portraits and behavior preferences, the tabs accurately display the products, functions, scenarios, activities and information specific to customers, and achieve customization for every customer. “Zhike”, an enterprise-level digital operation platform, was launched to achieve the instant response to customer behavior and needs by analyzing 17,000 pages and 30 billion pieces of big data per day. Through the close cooperation between the Intelligent Brain and the full-journey engine, hundreds of millions of journey programs were outputted with billions of calculations every year, providing customers with highly interactive, full-journey and companionship services.

**A new wealth community made wealth companionship services stronger.** Through the “Wealth” open mechanism, the Bank introduced well-known investment institutions in the fields of fund and wealth management to recommend popular products in the market to customers. The Bank selected quality investment research reports from senior expert teams to deliver the latest market information and industry analysis. The Bank launched a full-journey investment companion before, during and after investment to help customers make better investment decisions. The Bank provided manager services integrating products, knowledge and information, formulated customized wealth plans for different customer groups, and helped everyone realize their wealth dreams.

**“Lighter” services made financial experience simpler.** Aiming at lighter system, simpler interaction, more refined functions and more flexible services, the Bank upgraded seven categories, 38 columns and over 100 common functions, improving the core high-frequency transaction response efficiency by more than 20%. The Bank launched a new carbon account book, identified the green behavior of users in the financial scenarios, introduced professional carbon emission measurement rules to measure carbon emission reduction, and recorded individual low carbon footprint. The Bank launched a digital collection library, where customers could receive, view and use the exquisite digital collections issued by the Bank. The digital collections were also used in head portraits to create a unique digital image. In the meantime, the “face scanning” technology makes face recognition more accurate and efficient. The “gravity sensing” technology enables customers to easily and safely exit mobile banking by turning over their mobile phones.

**Exclusive services for customers made the digital space more diversified.** The Bank strengthened the concept of “customers exclusive”, and met the diversified needs of customer groups through multi-level services. For the elderly customers, it launched “Happy Life” version 2.0, completed the aging and barrier-free transformation of 28 functions and 141 common pages, and was among those which first obtained the “information barrier-free” logo from the Ministry of Industry and Information Technology. It launched a family trust account to establish the account trust relationship between parents and children based on family ties. For Generation Z, the youth version was launched to create a dream space and establish emotional connection in an online, highly interactive, green, low-carbon and fun manner. For new citizens, the Bank created a new citizen column, which gathered various quality service resources to provide a package of services such as medical treatment and medicine purchase with medical insurance certificates, social security card application and replacement and treatment qualification certification, and help city builders live a new life.



### Outlet Building and Service Improvement

- ✧ The Bank promoted the optimization of outlet layout, efficiency improvement, experience improvement and model upgrading. The Bank actively pushed forward the optimization and adjustment of outlet layout, and built and relocated 587 outlets in 2022, of which more than 60% were located in China's key areas, 91 outlets were newly established in central cities, emerging markets and other areas with potential, 65 outlets were established in counties and towns, including some counties of Guizhou, Sichuan and Yunnan where the Bank had no outlets previously. The coverage of outlets in counties steadily increased to 86.2%. The Bank integrated the philosophy of green environmental protection and low-carbon energy saving into the construction of outlets, decorated 1,246 outlets, and continuously improved the hardware facilities and services of outlets. The Bank upgraded the outlet construction standards adapted to the elderly, and increased the service facilities and convenience service equipment suitable for the elderly, focusing on the building of thousands of core elderly service outlets. It well conducted the upgrading of machinery and equipment suitable for the elderly, and enhanced the supply of services for the elderly. At the end of 2022, the Bank had 15,639 outlets, 22,636 self-service banks, 75,889 intelligent devices and 60,204 automatic teller machines ("ATMs"). The transaction volume of ATMs reached RMB4,608.6 billion in the year.
- ✧ The Bank advanced the construction of rural inclusive financial service points as scheduled. The Bank established asset-light and online inclusive financial service points that integrated scenario ecosystem in rural areas. It had set up a total of 3,756 service points in 1,470 counties and 2,543 towns. Focusing on rural Party building, government affairs, agricultural product production and marketing, the Bank explored ecological co-building with county and township-level governments, village committees, large leading enterprises, local enterprises, self-employed businesses and other partners, and orderly promoted services in the countryside.
- ✧ Solid steps were taken to advance the construction of a "bank satisfactory to the people". The "ICBC Outlets System" platform was established, which fully integrated the outlet system, reduced the manual operations of outlets, and improved the efficiency of business processing. The Bank deepened the construction of "ICBC Sharing Station+" public welfare service system for the

benefit of the people. Relying on 15,500 "ICBC Sharing Stations", the Bank carried out nearly 120 thousand "care" series of theme activities, and gave full play to the scale advantages of channel resources. It continued to deepen financial services for the benefit of the people, enriched the functions of relevant services, and provided customers with considerate "financial + pan-financial" services. The Bank carried out the campaign of customer service improvement season with the theme of "staying true to the original aspiration and satisfying the people". It strove to consolidate the foundation of service management of outlets, enhance customer service management, and improve service experience and service value from the perspectives of beautifying outlets, strengthening services for special groups, and devoting to publicity and education of consumer protection knowledge. The Bank carried out the Management Year for Complaints from Customers, and continued to promote the solution of hot issues based on the feedback of customers and voice of employees, so as to improve customer service experience.

- ✧ Digital empowerment operation services were reinforced. The Bank actively participated in the construction of the national digital government system, and promoted the bank-government interconnection services such as electronic social security, tax and fee payment, smart medical insurance, credit report, and e-CNY at the smart ATMs of outlets. It created the "government service halls" by the side of customers, and added 1,603 one-stop government service outlets in 2022. The Bank deepened the construction of the corporate digital operation and service system, strengthened the ecological co-building with government agencies, enterprises and public institutions, created a series of brands such as ICBC e-Confirmation Service, OFD Cloud Receipt, Cloud Reconciliation, etc., and promoted the green and low-carbon transformation of corporate customers through upgrading of banking services. The Bank improved the quality and efficiency of enterprise account services, refined the exclusive brand of "ICBC Account Link" of corporate account services, provided online and offline integrated convenient account opening services for small and micro start-ups, and launched the "Supply Chain 1+1", an off-site witness account opening services for industrial chain development enterprises. The Bank deepened the application of intelligent technology, built and applied on a large scale of digital employees, further realized the intelligent processing of complex business such as remote authorization, cross-border payment

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and account opening, and created 46 intelligent scenarios in total, with an annual processing volume of 280 million intelligent transactions in the field of business operation. The Bank promoted the intelligent transformation of self-service equipment, and enabled customers to handle 11 types of transactions with one submission, one signature and one review of new debit cards, significantly improving the efficiency and experience of customer services at outlets.

- ✧ The Bank gave full play to the supporting role of the business continuity operation system. To ensure the continuity and stability of online business and customer services, the Bank provided customers with convenient, efficient and stable round-the-clock financial services through mobile banking, internet banking, WeChat official account and other online platforms. The Bank effectively ensured the services of key regional outlets, established a multi-node Head Office-branch backup system, and comprehensively completed the task of business continuity management and security in special periods such as the Winter Olympics and the power shortage period in summer.

## Human Resources Management, Employees and Institutions

### Human Resources Management

- ✧ With the focus on high-quality development of operation and areas vital to market competition, the Bank assigned more human resources to strategic areas and improved operation through the transformation and upgrading of human resources. The Bank focused on building four kinds of talented workforce, namely, leading talents, innovative talents, professional talents and young talents. Centering on key areas such as emerging business, international business, risk control and security, sci-tech data, etc., the Bank cultivated, introduced and made good use of talents in all respects, and put forth effort to build a high-end financial workforce that meets the requirements of financial work in the New Era. In addition, the Bank accelerated digital transformation, deepened technology-driven empowerment, optimized institutional function setting, enriched the frontline marketing service personnel team, and promoted financial service resources to lower tiers.
- ✧ The Bank took solid steps to promote the building of corporate culture to unite employees for better operation and development. The Bank

actively fostered innovation culture. It held the 3<sup>rd</sup> "Innovative ICBC", in which 74 domestic and overseas institutions recommended a total of 468 projects and nearly 270,000 employees participated online. It created a good atmosphere across the Bank that encourages, supports and upholds innovation. Meanwhile, the Bank actively carried forward the enterprising spirit by putting on the "Enterprising ICBC" micro video show, which showcased ICBC employees' enterprising outlook and motivated them to make new achievements in the new era. The Bank promoted cultural communication and mutual learning, holding the Selection of "Advanced Units in Culture Building at ICBC Overseas Institutions" & Commendation of the 30<sup>th</sup> Anniversary of Internationalization. The Bank held the third cultural event "That's China, That's ICBC", which sent about 20,000 cultural books to all 416 overseas institutions in 49 countries (regions).

- ✧ The Bank developed quality training programs and conducted tiered and classified training sessions effectively. For management personnel, the Bank mainly carried out training programs aimed to improve the capabilities of credit division heads (dispatched credit risk officers) and newly appointed personal banking division heads and the operation management capability of heads of tier-one sub-branches to strengthen their strategic thinking and management competence. For professionals, the Bank advanced such training programs as "Practical Capability Training Camp for the Discipline Inspection Line", "Elite Program for Full-time Committee Members" and "Digital Elite Program" to further improve their professional competency and business capabilities. For front-line employees, the Bank implemented the online rotating training program for outlet heads, coordinated and strengthened the training for front-line employees such as customer managers and customer service managers to continue to improve their job qualities and service capabilities. For society and customers, the Bank held training programs like "ICBC Training for Rural Revitalization" and "Advanced Financial Studies Class" among the cadres working at primary-level governmental organs of the counties that ICBC is paired up for assistance under the rural revitalization strategy, private enterprise customers, etc. to serve their business expansion and support the development of the real economy. Focusing on the growth of talents, the Bank held series programs including Young and Middle-aged Cadres Training, International Talents Training, ICBC Star Program – New Employees Training, etc., and built a full-chain, systematic training system.

## Remuneration Policy

- ✧ The Bank adopted a remuneration policy that is in line with corporate governance requirements, in combination with high-quality development targets, in adaptation to risk management system and talent development strategy, and well-matched with employees' value contribution, so as to advance the sound operation and high-quality development of the whole bank. The Bank's remuneration management policy was formulated and adjusted in strict accordance with applicable national regulations, regulatory requirements and corporate governance procedures. The Bank continuously optimized the remuneration resource allocation mechanism with value creation as the core, resolutely maintained a fair allocation concept with incentive commensurate with restraint, transmitted the Group's strategic objectives for business management, and allocated more remuneration resources to the grassroots employees, for the purpose of mobilizing and inspiring the business vitality of institutions at all tiers.
- ✧ The Bank's employee remuneration consisted of basic remuneration, performance-based remuneration and welfare income. In particular, the basic remuneration depended on an employee's value contribution and ability to perform duties, and the performance-based remuneration was based on the overall situation of the Bank, the employee's institution or department, and the employee's personal performance measurement results. Meanwhile, the performance-based remuneration to the Senior Management and employees in positions that have a significant influence on risks was subject to a deferred payment and recourse deduction mechanism, so as to balance risks and incentives. For employees who violated regulations and disciplines or had abnormal exposure of risk losses within their duties, their performance-based remuneration for the corresponding period shall be deducted, withheld and recovered according to the severity of the violation. During the reporting period, according to relevant measures, the Bank deducted,

withheld or recovered payment of corresponding performance-based remuneration to employees who were subject to disciplinary action or other treatment due to violation of regulations and disciplines or abnormal exposure of risk losses within their duties.

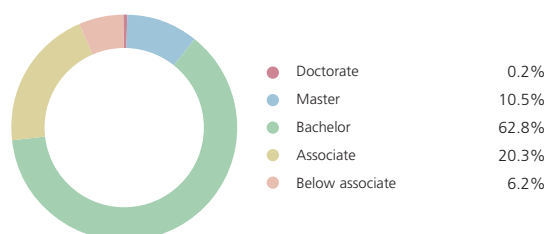
- ✧ The Bank's 2022 remuneration plan was prepared and implemented as per the internal decision-making process. The execution of total annual salaries was reported to the authority for filing according to national regulations. During the reporting period, the Bank's Senior Management fulfilled the indicators concerning economic, risk and social responsibilities well, and final results will be determined after deliberation by the Board of Directors.

## Basic Information on Employees and Institutions

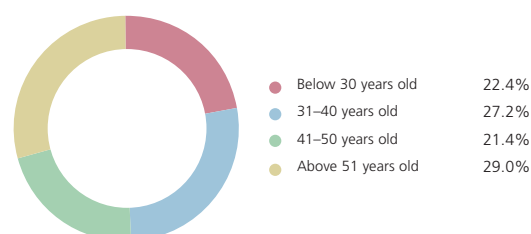
- ✧ As at the end of 2022, the Bank had a total of 427,587 employees, including 404,090 employees in the Head Office and domestic branches, 7,619 employees in domestic subsidiaries, and 15,878 employees in overseas institutions. The Bank's employee gender ratio maintained generally balanced and there was no significant change from the end of last year. In future, the Bank will continue to pay attention to the employee gender structure, strengthen tracking and monitoring in areas such as personnel exit and recruitment, and take effective measures to maintain a balanced and stable gender ratio.
- ✧ As at the end of 2022, the Bank had a total of 16,456 institutions. Among them, there were 16,040 domestic institutions and 416 overseas ones. Domestic institutions included the Head Office, 36 tier-one branches and branches directly managed by the Head Office, 458 branches in capital cities and tier-two branches, 15,386 outlets, 26 institutions directly managed by the Head Office and their branches, and 133 subsidiaries and their branches.

## Discussion and Analysis

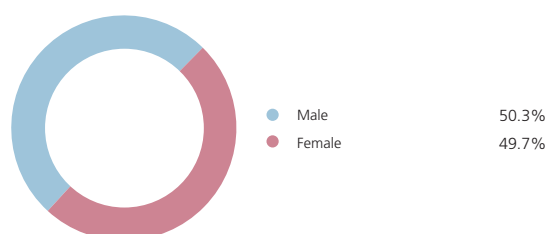
**Structure of employee educational background**



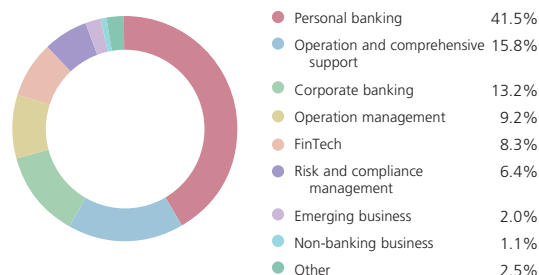
**Structure of employee age**



**Structure of employee gender**



**Structure of employee specialization**



### GEOGRAPHIC DISTRIBUTION OF ASSETS, INSTITUTIONS AND EMPLOYEES

Item	Assets (in RMB millions)	% of total assets	Number of institutions	% of total institutions	Number of employees	% of total employees
Head Office	8,069,477	20.4	27	0.2	20,415	4.8
Yangtze River Delta	9,418,551	23.8	2,527	15.3	61,382	14.4
Pearl River Delta	6,583,520	16.6	1,973	12.0	47,779	11.2
Bohai Rim	6,065,352	15.3	2,682	16.3	66,918	15.6
Central China	4,396,769	11.1	3,438	20.9	80,850	18.9
Western China	5,174,047	13.1	3,634	22.1	86,503	20.2
Northeastern China	1,469,644	3.7	1,626	9.9	40,243	9.4
Overseas and other	4,365,670	11.0	549	3.3	23,497	5.5
Eliminated and unallocated assets	(5,933,373)	(15.0)				
<b>Total</b>	<b>39,609,657</b>	<b>100.0</b>	<b>16,456</b>	<b>100.0</b>	<b>427,587</b>	<b>100.0</b>

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

### Internationalized Operation

The Bank actively gave play to its advantage in global operation, deeply implemented the Preferred Bank Strategy for Foreign Exchange Business, refined the integrated operation system combining domestic and overseas operations as well as local and foreign currencies, supported the high-quality development of the Belt and Road Initiative, and served China's high-level opening up to the outside world. The Bank was awarded the "Best

Bank for Belt and Road", the "Outstanding Sustainable Financing in Emerging Markets (Asia-Pacific)" by the *Global Finance* and the "Project Finance House, China" by *The Asset*.

- ✧ Corporate banking: The Bank, by leveraging its linked advantage of "global response through one-point access", provided "one-stop" financial services in local and foreign currencies for key customers such as Chinese enterprises "Going



Global”, foreign enterprises “Bringing In” and global trade companies. The number of outbound merger and acquisition of Chinese-funded enterprises continued to rank first in Refinitiv’s list. The Bank was among market leaders in Hong Kong IPO underwriting and sponsorship, and the underwriting of overseas bonds and offshore China bonds. The Bank actively provided convenient services to foreign trade and foreign-funded companies by continuing to optimize the financial services on the “Single Window” platform such as international settlement and trade financing. The Bank developed the innovative product “ICBC Global Pay”, building a self-reliant and controllable global direct payment platform. It covers 16 countries and regions, and provides important financial guarantee for improving domestic and international circulations.

- ✧ Personal banking: The Bank strengthened sophisticated and classified management of retail business and gradually built a level-by-level, category-by-category customer management system. ICBC (Thai) launched Kylin Card, Student Card and Digital Card for its three key customer groups, namely, payroll customers, student customers and new-generation customers. Vientiane Branch rolled out a brand new non-contact debit card. ICBC (Asia) obtained the qualification to provide “Greater Bay Area Account Service” in Hong Kong. The Bank accelerated digital transformation and development of overseas bank card business, facilitated interconnection of domestic and overseas mobile payment, and expanded the coverage of the “ICBC e Payment” mobile payment platform among overseas institutions. ICBC (Malaysia) and ICBC (Canada) launched local and cross-border QR code payment functions. The Bank also accelerated global layout of offshore family business. ICBC (Asia) and Singapore Branch launched family trust service, meeting the needs of private banking customers in family wealth inheritance.
- ✧ Internet finance service: Through internet banking, mobile banking and other online channels, the Bank offered services across 46 countries and regions in 15 languages. A full range of financial services, including account inquiry, transfer and remittance, investment and wealth management, payroll payment agency service, and trade finance were available to customers. Focusing on key products, scenarios and regions, the Bank promoted online business innovation and characteristic development of overseas institutions and enhanced the basic service capabilities of overseas corporate online banking platforms. The Bank made a major breakthrough in cross-border payroll scenarios. It

rolled out the payroll service that allows overseas enterprises to pay salaries to domestic accounts in RMB, the first of its kind in the industry.

- ✧ Financial market business: The Bank underwrote 18 panda bonds, raising funds of RMB37.2 billion in total. It established the interbank bond and foreign exchange market business partnership with overseas institutional investors from more than 60 countries and regions. The Bank’s foreign exchange trading capacity improved further to fully support our customers. Nine overseas branches including Sydney, Seoul, Luxembourg and Singapore have successfully entered into interest rate swaps linked with Risk Free Rates (RFRs), alternative rates of IBORs. The Bank maintained market leadership in the scale of offshore RMB market making, and its offshore RMB exchange rate trading capability and market influence further continued to improve. The Bank was among the first banks in the domestic market to conduct foreign currency interbank lending matchmaking transaction and was also among the first to conclude the tri-party repo transaction with green bonds as collateral.
- ✧ Global asset management services: The Bank further advanced the steady development of its foreign exchange and cross-border wealth management business and promoted overseas investors’ investment in the Chinese bond market. “ICBC CSOP FTSE Chinese Government Bond Index ETF”, for which ICBC Wealth Management and ICBCAMG acted as the investment advisor, had an asset scale of RMB7.3 billion. “ICBC CSOP FTSE Chinese Government and Policy Bank Bond Index ETF”, for which ICBCAMG acted as the investment advisor, had an asset scale of RMB5.4 billion, and became the first Chinese government bond ETF approved by the Mandatory Provident Fund Schemes Authority (MPFA) of Hong Kong SAR, China.
- ✧ Global custody business: The Bank has further reinforced and expanded its position as a market leader in the cross-border custody business. It maintained the lead in the industry in terms of the number of global custody and depository clients. Its global custody business exceeded RMB1 trillion, and it has further extended its reach by successfully launching the first depository receipt business under the interconnection mechanism of domestic and overseas securities exchanges.
- ✧ Cross-border RMB business: The Bank promoted the construction of cross-border RMB product system and multi-scenario services, fostered offshore RMB market, innovated offshore RMB investment and financing products. The Bank’s branches in



## Discussion and Analysis

Laos, Kazakhstan and Pakistan were qualified as RMB clearing banks, causing the total number of overseas RMB clearing banks to rise to 10. The Bank participated in two-way opening up of financial markets and became the partner bank of the central counterparty for clearing in the “Interconnected Cooperation between Hong Kong and Chinese Mainland in Interest Rate Swap Market” business. The Bank promoted the construction of the account system of the separate accounting units in free trade zones, and supported the innovative development of cross-border RMB business in key areas such as Shanghai Lingang Special Area, Guangdong-Hong Kong-Macao Greater Bay Area and Hainan Free Trade Port. The Bank strengthened cooperation with payment institutions, cross-border e-commerce

platforms and other entities. It launched the pilot project of the cross-border e-commerce collection model based on public service platforms for cross-border e-commerce in Shanghai. In 2022, cross-border RMB business exceeded RMB9 trillion.

- ✧ As at the end of 2022, the Bank had established 416 overseas institutions in 49 countries and regions, and indirectly covered 20 African countries as a shareholder of Standard Bank Group. It had 125 institutions in 21 countries along the Belt and Road. The Bank also established business relationships with 1,438 foreign banks in 142 countries and regions. Its service network covered six continents and important international financial centers around the world, and its global network layout continued to improve.

### MAJOR INDICATORS FOR OVERSEAS INSTITUTIONS

Item	Assets (in USD millions)		Profit before taxation (in USD millions)		Number of institutions	
	At the end of 2022	At the end of 2021	2022	2021	At the end of 2022	At the end of 2021
Hong Kong SAR and Macau SAR	213,726	214,414	1,050	1,373	97	102
Asia-Pacific Region (except Hong Kong SAR and Macau SAR)	135,854	145,860	1,289	1,057	91	91
Europe	85,048	83,726	871	401	74	75
America	60,335	59,548	328	253	153	152
African Representative Office	–	–	–	–	1	1
Eliminations	(50,786)	(51,999)				
<b>Subtotal</b>	<b>444,177</b>	<b>451,549</b>	<b>3,538</b>	<b>3,084</b>	<b>416</b>	<b>421</b>
Investment in Standard Bank <sup>(1)</sup>	3,734	3,870	384	330		
<b>Total</b>	<b>447,911</b>	<b>455,419</b>	<b>3,922</b>	<b>3,414</b>	<b>416</b>	<b>421</b>

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

- ✧ As at the end of 2022, total assets of the Bank's overseas institutions (including overseas branches, subsidiaries and investment in Standard Bank) were USD447,911 million, representing a decrease of USD7,508 million or 1.6% from the end of the previous year, and they accounted for 7.9% of the Group's total assets. Total loans amounted to USD183,131 million, representing a decrease

of USD14,148 million or 7.2% from the end of the previous year; and due to customers were USD152,036 million, representing an increase of USD2,763 million or 1.9%. Profit before taxation during the reporting period was USD3,922 million, representing an increase of USD508 million or 14.9%, and accounting for 6.4% of the Group's profit before taxation.

## DISTRIBUTION OF OVERSEAS INSTITUTIONS

### Asia-Pacific Region (except Hong Kong SAR and Macau SAR) Institutions (country/region)

Tokyo Branch (Japan)  
Seoul Branch (South Korea)  
Busan Branch (South Korea)  
Mongolia Representative Office  
(Mongolia)  
Singapore Branch (Singapore)  
ICBC (Indonesia) (Indonesia)  
ICBC (Malaysia) (Malaysia)  
Manila Branch (Philippines)  
ICBC (Thai) (Thailand)  
Hanoi Branch (Vietnam)  
Ho Chi Minh City Representative  
Office (Vietnam)  
Vientiane Branch (Lao PDR)  
Phnom Penh Branch (Cambodia)

Yangon Branch (Myanmar)  
ICBC (Almaty) (Kazakhstan)  
Karachi Branch (Pakistan)  
Mumbai Branch (India)  
Dubai (DIFC) Branch (UAE)  
Abu Dhabi Branch (UAE)  
Doha Branch (Qatar)  
Riyadh Branch (Saudi Arabia)  
Kuwait Branch (Kuwait)  
Sydney Branch (Australia)  
ICBC (New Zealand) (New Zealand)  
Auckland Branch (New Zealand)

### Hong Kong SAR and Macau SAR Institutions (country/region)

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

ICBC (Macau) (Macau, China)  
Macau Branch (Macau, China)

### Europe Institutions (country/region)

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

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

### America Institutions (country/region)

New York Branch (USA)  
ICBC (USA) (USA)  
ICBCFS (USA)  
ICBC (Canada) (Canada)  
ICBC (Mexico) (Mexico)  
ICBC (Brasil) (Brazil)

ICBC (Peru) (Peru)  
ICBC (Argentina) (Argentina)  
ICBC Investments Argentina  
(Argentina)  
Inversora Diagonal (Argentina)  
Panama Branch (Panama)

### Africa Institutions (country/region)

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

### Diversified Operation and Subsidiary Management

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

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

The Bank deepened risk management. Based on the risk management principles of "plan ahead, see the big from the small, remedy in time and draw inferences", the Bank formulated and optimized risk management policies, refined the Group-wide risk management system that can cover the risk characteristics of integrated subsidiaries. The Bank intensified penetrating management and monitor of subsidiaries and strengthened systematic, standardized and intelligent management of equity investment information. Meanwhile, the Bank stepped up efforts in the building of the three lines of defense of subsidiaries, improved risk prevention & control and internal control and compliance capabilities, and pursued high-quality development.

### ICBC Credit Suisse Asset Management

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

- ✧ ICBC Credit Suisse Asset Management maintained stable business development. Its total assets under management remained stable, pension business and fixed-income funds grew well, equity fund shares were stable, and long-term investment performance is among the best in the industry. ICBC Credit Suisse Asset Management supported the building of the third pillar of pension business and launched the first personal pension business. A number of its funds were included into the directory of first personal pension funds released by CSRC. ICBC Credit Suisse Asset Management served the real economy in making better use of existing assets and made positive progress in publicly offered REITs business. ICBC Credit Suisse Asset Management strengthened the protection of investors' rights and interests, and further promoted investor education, which was again rated as excellent in the assessment of the national securities and futures investor education base. In 2022, ICBC Credit Suisse Asset Management won "Golden Bull Award for Fund Company" of *China Securities Journal*, "Gold Fund Top Company Award" of *Shanghai Securities News*, "Top 10 Star Fund Companies" of *Securities Times*, etc.
- ✧ At the end of 2022, ICBC Credit Suisse Asset Management managed 227 mutual funds, and more than 660 annuities, special accounts and special portfolios, with assets totaling RMB1.72 trillion.

### ICBC Leasing

ICBC Leasing is mainly engaged in financial leasing of large-scale equipment in key areas such as aviation, shipping, energy and power, rail transit, equipment manufacturing and areas requiring “specialization, refinement, differentiation and innovation”. It provides a number of financial and industrial services such as transfer of leasing assets, asset trading and asset management.

- ✧ In aviation business, ICBC Leasing actively optimized its business layout, steadily increased the proportion of domestic business, actively supported the implementation of the large homemade aircraft strategy, and consolidated its leading position in strategic cooperation with COMAC. Seizing the opportunities presented by recovery of quality markets overseas, ICBC Leasing actively marketed and expanded business layout and completed its first used passenger-to-freighter aircraft conversion project and the first operating lease project of aircraft engines among domestic financial leasing peers.
- ✧ In maritime business, ICBC Leasing actively responded to the strategy of strengthening maritime power and a transportation power and seized the market opportunity when global industrial chains and supply chains were being reshaped. On the basis of continuing to consolidate its strength in cooperation with container liners, large bulk transporters and large cruise ship owners, ICBC Leasing further increased the scale of liquefied natural gas carrier business and actively expanded the shipping market of exported Chinese automobiles. ICBC Leasing paid close attention to the development of new areas of maritime economy and made sound progress in the expansion of underwater construction equipment areas such as cable ships and the offshore wind power installation maintenance market.
- ✧ In domestic comprehensive leasing business, ICBC Leasing continued to intensify support to key innovation and transformation areas such as new infrastructure, high-end manufacturing, green and low-carbon development, culture & tourism, “specialization, refinement, differentiation and innovation”, etc. to help maintain stable macroeconomic performance.

### ICBC-AXA

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

- ✧ ICBC-AXA supported the implementation of the national elderly care strategy and actively seized the development opportunities of the elderly care industry. Under the “ICBC Elderly Care” overall brand framework, with annuity products at the core and elderly care services as the support, ICBC-AXA launched an elderly care sub-brand and built a full-process integrated elderly care service model. Meanwhile, it refined the diversified product line, completed the upgrade of critical illness insurance, and promoted the R&D and launch of whole life insurance products in an orderly manner. Based on the Group’s business needs and new regulatory requirements, it rebuilt the accident insurance product system and provided quality insurance and service to new urban residents.
- ✧ Upholding the customer-centric philosophy, ICBC-AXA provided proactive care service of customers’ rights and interests and increased the coverage and depth of customer services. It built a digital service platform, which improved both customer experience and service efficiency. It promoted transformation to intelligent operation, upgraded operating service capability, optimized the claim payment procedures, and continued to improve the time effectiveness of claim and security. ICBC-AXA also supported inclusive insurance projects and actively participated in the “Huimin Insurance” business in many cities.
- ✧ In 2022, ICBC-AXA won “Extraordinary Insurance Company of the Year” of Jiemian News of Shanghai United Media Group, “Most Competitive Financial Institution of the Year” on the top financial list of The Paper, etc.

## Discussion and Analysis

### ICBC International

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

- ✧ ICBC International continued to consolidate and strengthen its four major product lines, namely, corporate financing, investment, sales and trading, and asset management. It remained in the top league of the market in terms of shares and bond underwriting. It set a record in the underwriting of green bonds. ICBC International participated in the IPO of China Tourism Group Duty Free Corporation Ltd., Sunshine Insurance Group Company Limited and Onewo Inc. and also in the issuance of Hainan Provincial Government's offshore RMB bonds, Saudi Arabia Public Investment Fund's green sovereign US dollar bonds, etc. It vigorously expanded investment and financing presence in key industries such as infrastructure, advanced manufacturing, sci-tech innovation, modern agriculture, healthcare and pharmaceuticals. Its sales and trading product and service system is continuously improving and its asset management business is further optimized and restructured. In 2022, ICBC International was awarded "Best Bond Adviser – HK SAR" by *The Asset* for the fourth year straight.

### ICBC Investment

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

- ✧ By giving full play to its debt-for-equity swap license and professional advantage, ICBC Investment, with a focus on serving the real economy and deepening the supply-side structural reform, strengthened coordination within the Group and between investment and loan businesses, developed diversified financial services, enriched and expanded debt-for-equity swap investment plans and private fund products, and steadily promoted increase in coverage and quality improvement of market-based debt-for-equity swap, effectively supporting enterprises reducing leverage, preventing risks and advancing reforms. Meanwhile, ICBC Investment continued to improve the capability and effect of coordinating Group efforts to resolve risk assets, assisted enterprises getting out of trouble through

reform, and kept improving the quality of bank assets. ICBC Investment further played its part as a shareholder and sent directors and supervisors to the enterprises in which it conducted debt-for-equity swap according to law. It deeply engaged in the enterprises' corporate governance, provided integrated financial services, and promoted healthy and sustainable development of the enterprises.

### ICBC Wealth Management

ICBC Wealth Management engages mainly in the issuance of wealth management products, wealth management advisory and consulting service and other activities approved by CBIRC.

- ✧ ICBC Wealth Management actively integrated into the building of the Group wealth management community, promoted optimization of the product structure and development of quality products, intensified layout of stable wealth management products with low fluctuations, and developed and launched themed wealth management products such as "specialization, refinement, differentiation and innovation" area wealth management products and ESG wealth management products. ICBC Wealth Management built a well-established elderly care wealth management brand. It was among the first companies approved to open personal pension wealth management business, supporting the building of the multi-tiered elderly care finance system of the third pillar. It continued to improve asset allocation capability and diversified strategic investment capability, refined diversified, balanced asset allocation strategies and increased the investment proportion in green industries, manufacturing, technological innovation, etc. Its capability to serve the real economy was further strengthened. On 1 August 2022, Goldman Sachs ICBC Wealth Management Co., Ltd., a wealth management joint-venture established by ICBC Wealth Management and Goldman Sachs Asset Management, L.P., was officially set up in Shanghai.
- ✧ ICBC Wealth Management upgraded companionship customer services, strengthened protection of investors' rights and interests, and established an all-round investor education system, in an effort to become a wealth management company that the people are satisfied with. In 2022, ICBC Wealth Management won "Golden Bull Award for Wealth Management CSR in the Banking Industry" from *China Securities Journal*. At the end of 2022, the balance of ICBC Wealth Management's wealth management products was RMB1,762,288 million, all of which were net-worth products.

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

In RMB millions, except for tranches and percentages

Item		At 31 December 2021		Products issued		Matured products		At 31 December 2022		
		Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Number of tranches	Amount	Percentage (%)
Classified by fundraising method	Publicly offered	1,335	1,975,907	451	185,754	596	493,558	1,190	1,707,212	96.9
	Privately offered	175	45,897	73	31,879	75	22,626	173	55,076	3.1
Classified by customer type	Personal	1,411	1,714,603	474	194,032	628	499,214	1,257	1,444,248	82.0
	Corporate	99	307,201	50	23,601	43	16,970	106	318,040	18.0
<b>Total</b>		<b>1,510</b>	<b>2,021,804</b>	<b>524</b>	<b>217,633</b>	<b>671</b>	<b>516,184</b>	<b>1,363</b>	<b>1,762,288</b>	<b>100.0</b>

**DIRECT AND INDIRECT INVESTMENTS OF ICBC WEALTH MANAGEMENT IN WEALTH MANAGEMENT PRODUCTS AS AT THE END OF 2022**

In RMB millions, except for percentages

Asset type	Amount	Percentage (%)
Cash, deposits and reverse repurchase agreements	622,459	33.1
Bonds	1,091,829	58.1
Non-standard debt assets	76,377	4.1
Other assets	87,683	4.7
<b>Total</b>	<b>1,878,348</b>	<b>100.0</b>

**Major Controlled Subsidiaries and Equity Participating Company**

**Major Overseas Subsidiaries**

Institution	Principal business	At 31 December 2022			2022
		Issued share capital/ paid-in capital	Total assets (in USD millions)	Net assets (in USD millions)	Net profit (in USD millions)
Industrial and Commercial Bank of China (Asia) Limited	Commercial banking	HKD44,188 million	118,609.94	18,410.86	772.39
ICBC International Holdings Limited	Investment banking	HKD5,963 million	7,453.45	1,410.35	(349.82)
Industrial and Commercial Bank of China (Macau) Limited	Commercial banking	MOP589 million	57,350.38	3,815.26	285.01
PT. Bank ICBC Indonesia	Commercial banking	IDR3.71 trillion	3,693.20	413.28	16.79
Industrial and Commercial Bank of China (Malaysia) Berhad	Commercial banking	MYR833 million	935.35	296.97	12.88
Industrial and Commercial Bank of China (Thai) Public Company Limited	Commercial banking	THB20,107 million	8,375.11	1,164.77	87.54
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	Commercial banking	KZT8,933 million	627.73	106.28	27.75
Industrial and Commercial Bank of China (New Zealand) Limited	Commercial banking	NZD234 million	1,415.76	189.07	10.60

## Discussion and Analysis

Institution	Principal business	At 31 December 2022			2022
		Issued share capital/ paid-in capital	Total assets (in USD millions)	Net assets (in USD millions)	Net profit (in USD millions)
Industrial and Commercial Bank of China (Europe) S.A.	Commercial banking	EUR437 million	8,017.13	544.62	(13.40)
ICBC (London) PLC	Commercial banking	USD200 million	1,537.20	468.13	11.44
ICBC Standard Bank PLC	Banking	USD1,083 million	22,628.37	1,678.32	313.45
Bank ICBC (joint stock company)	Commercial banking	RUB10,810 million	2,970.24	357.59	184.81
ICBC Turkey Bank Anonim Şirketi	Commercial banking	TRY5,368 million	3,307.53	166.03	(3.79)
ICBC Austria Bank GmbH	Commercial banking	EUR200 million	972.24	206.71	1.27
Industrial and Commercial Bank of China (USA) NA	Commercial banking	USD369 million	2,885.79	423.47	18.67
Industrial and Commercial Bank of China Financial Services LLC	Securities clearing, securities margin trading	USD50 million	23,437.44	73.10	(7.66)
Industrial and Commercial Bank of China (Canada)	Commercial banking	CAD208 million	2,056.18	296.33	22.11
Industrial and Commercial Bank of China Mexico S.A.	Commercial banking	MXN1,597 million	292.46	43.37	7.61
Industrial and Commercial Bank of China (Brasil) S.A.	Commercial banking	BRL202 million	399.97	35.02	(2.09)
ICBC PERU BANK	Commercial banking	USD120 million	949.54	114.98	13.41
Industrial and Commercial Bank of China (Argentina) S.A.	Commercial banking	ARS55,446 million	6,592.73	984.01	90.45

## Major Domestic Subsidiaries

In RMB100 millions

Institution	Principal business	At 31 December 2022			2022
		Issued share capital/ paid-in capital	Total assets	Net assets	Net profit
ICBC Credit Suisse Asset Management Co., Ltd.	Fund management	2	203.22	167.88	26.78
ICBC Financial Leasing Co., Ltd.	Leasing	180	2,943.24	419.86	3.23
ICBC-AXA Assurance Co., Ltd.	Insurance	125.05	2,807.23	163.52	(22.87)
ICBC Financial Asset Investment Co., Ltd.	Financial asset investment	270	1,801.86	426.49	41.07
ICBC Wealth Management Co., Ltd.	Wealth management	160	199.60	189.10	12.36

## Major Equity Participation Company

### STANDARD BANK GROUP LIMITED

Standard Bank is the largest commercial bank in Africa. Its scope of business covers commercial banking, investment banking, life insurance business and other areas. The Bank continued to hold 324,963,464 shares or 19.36% of Standard Bank and to be its single largest shareholder. Based on mutual benefit and win-win cooperation, the two sides furthered their cooperation in equity cooperation, customer expansion, project financing, product innovation, risk management, FinTech and staff exchange, etc. At the end of 2022, Standard Bank recorded total assets of ZAR2,883,841 million and net assets of ZAR259,956 million. It generated a net profit of ZAR39,383 million during the year.



## RISK MANAGEMENT

65 Enterprise-wide Risk  
Management System

## 66 Credit Risk

## 72 Market Risk

74 Interest Rate Risk in the  
Banking Book

## 75 Liquidity Risk

## 77 Operational Risk

## 79 Reputational Risk

## 80 Country Risk

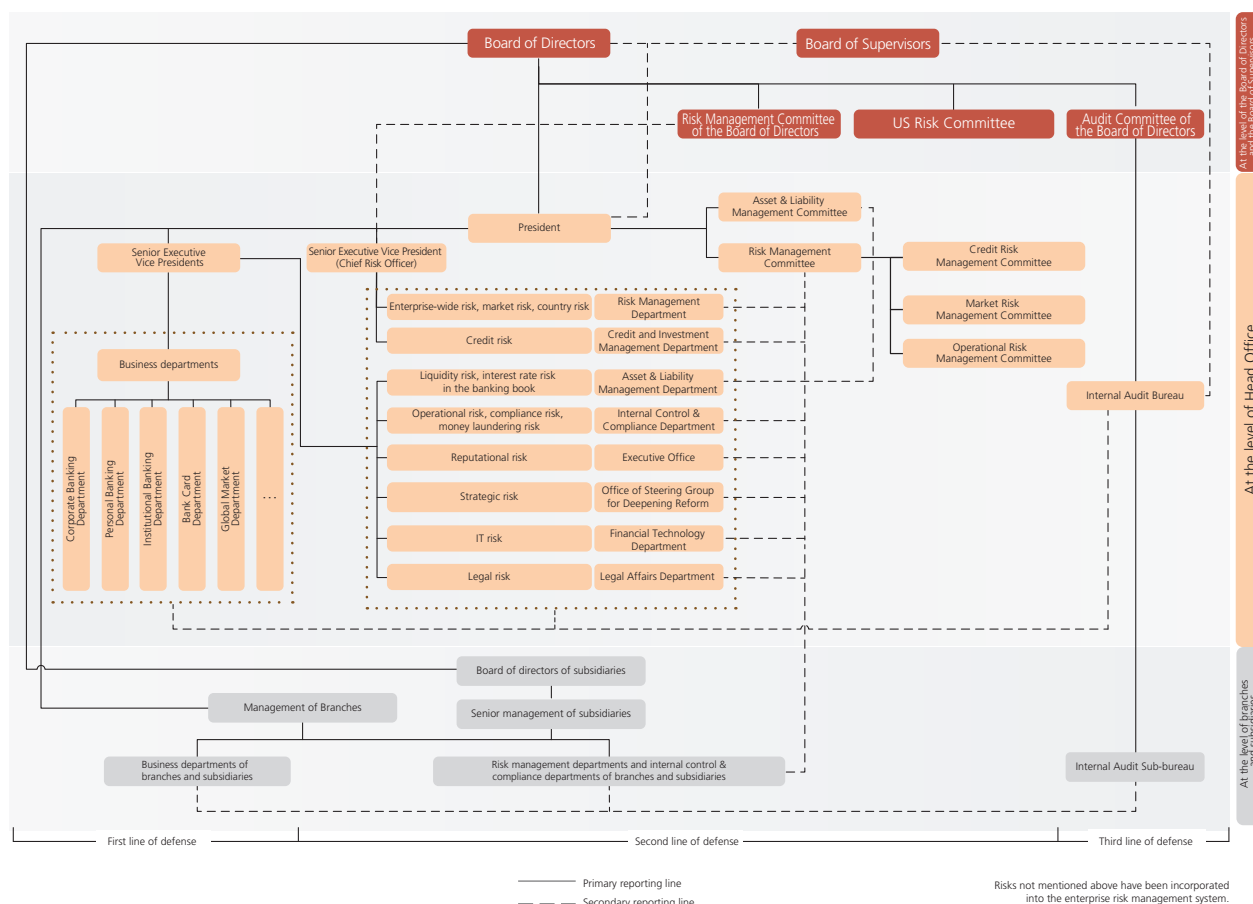
**Enterprise-wide Risk Management System**

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

In 2022, the Bank adhered to the principle of "laying a sound foundation for risk control". The Bank promoted the iterative upgrade of enterprise-wide risk management system with the over-arching Five-pronged Risk Management Approach, namely the overall risk management of domestic and overseas institutions, on-and off-balance sheet business, commercial banking and investment banking and other services, online and offline business, and Head Office and subordinate institutions. The Bank strengthened the top-level design for risk management by formulating and implementing the risk management plan of the Bank for the "14<sup>th</sup> Five-Year Plan" period, to ameliorate the risk management system, consolidate the responsibilities of the three defense lines for risk management, and enhance the effectiveness of enterprise-wide risk management. The Bank conducted comprehensive inspection of various potential risks, continuously improved the capability of overseas institutions and subsidiaries in risk data penetration management, to reflect the overall picture of the Group's risks in a sufficient and dynamic manner. Besides, the Bank strengthened risk prevention and control in emerging fields, strictly implemented regulatory requirements for wealth management business, and intensified the risk management of cooperation institutions in investment and financing business.

## Discussion and Analysis

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



## Credit Risk

### Credit Risk Management

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

The Bank strictly adheres to regulatory requirements regarding credit risk management, diligently fulfills established strategies and objectives under the leadership of the Board of Directors and the Senior Management, and implements an independent, centralized and vertical

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

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

The Bank continued to strengthen the construction of credit risk management system and consolidated the foundation for credit risk management. It improved the construction of the Group's unified investment and financing risk limit management system, optimized the limit review and approval procedure for sovereign customers, and intensified the construction of risk limit management system for the Group's affiliates. Moreover, the Bank clarified the life cycle management requirements for credit products, and included the responsibilities of three defense lines for risk management in the credit product risk management system, to fulfill the primary responsibility for risk control.

The Bank accurately grasped the layout and direction of investment and financing business and strengthened credit risk management. In terms of corporate credit business, the Bank actively supported the infrastructure construction projects involving "New infrastructure, New urbanization initiatives and Major projects", implemented the rural revitalization and new urbanization strategies, and continued to provide more investment and financing support for the areas of manufacturing industry such as intelligent manufacturing, digital economy, strategic emerging industries and transformation and upgrading of traditional industries. It actively implemented the development strategies of five key regions (namely, Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, central China and Chengdu-Chongqing economic circle), and kept improving differentiated region credit policies. In terms of personal credit business, the Bank continued to facilitate the construction of "digital post-loan" system, accelerated the digital transformation of risk control area for personal

loans and optimized the risk model deployment strategy, to enhance the efficiency of risk control. It also strengthened the refined management and collection of overdue loans, and optimized the personal loan disposal policy.

The Bank prevented and mitigated the risks in key fields such as local government debts, real estate, high polluting and high energy-consuming industries. The Bank strictly implemented the national laws, regulations and regulatory policies on the management of local government debts and financing platforms, continued with credit access management and monitoring, and firmly held the bottom line for no regional systemic risks. The Bank strictly implemented the real estate macro-control policy, with the focus on the objectives of "stabilizing land prices, housing prices and expectations", and maintained stable and orderly disbursement of real estate loans. To positively respond to the changes in real estate market, the Bank carried out the risk resolution project M&A loan business, targeting key real estate enterprises, in a steady and orderly manner. With adherence to the market-oriented and law-based principles, the Bank actively provided financial services for "ensuring housing delivery", thus protecting the legitimate rights and interests of housing finance consumers according to law. Besides, the Bank further strengthened the investment and financing control over the high polluting and high energy-consuming industries, rigidly controlled customer access with the implementation of differentiated credit investment and financing strategy, and tightened up customer classification, to optimize customer structure and reinforce the use and management of credit funds.

### Credit Risk Analysis

At the end of 2022, the Bank's maximum exposure to credit risk, without taking into account of any collateral and other credit enhancements, was RMB41,277,224 million, an increase of RMB4,540,182 million compared with the end of the previous year. Please refer to "Note 50.(a)(i) to the Consolidated Financial Statements: Maximum Exposure to Credit Risk Without Taking Into Account of Any Collateral and Other Credit Enhancements". For mitigated risk exposures of credit risk asset portfolio of the Bank, please refer to the section headed "Credit Risk" of the 2022 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited.

## Discussion and Analysis

### DISTRIBUTION OF LOANS BY FIVE-CATEGORY CLASSIFICATION

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Pass	22,439,514	96.67	19,961,778	96.59
Special mention	451,628	1.95	412,038	1.99
NPLs	321,170	1.38	293,429	1.42
Substandard	158,372	0.68	134,895	0.66
Doubtful	118,574	0.51	128,983	0.62
Loss	44,224	0.19	29,551	0.14
<b>Total</b>	<b>23,212,312</b>	<b>100.00</b>	<b>20,667,245</b>	<b>100.00</b>

According to the five-category classification, pass loans amounted to RMB22,439,514 million at the end of 2022, representing an increase of RMB2,477,736 million when compared with the end of the previous year and accounting for 96.67% of total loans. Special mention loans stood at RMB451,628 million, representing an increase of RMB39,590 million, and accounting for 1.95% of the total, with a drop of 0.04 percentage points. NPLs amounted to RMB321,170 million, showing an increase of RMB27,741 million, and NPL ratio was 1.38%, with a decrease of 0.04 percentage points.

### DISTRIBUTION OF LOANS AND NPLS

In RMB millions, except for percentages

Item	At 31 December 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Corporate loans	13,826,966	59.6	271,615	1.96	12,194,706	59.0	254,887	2.09
Short-term corporate loans	3,150,517	13.5	99,066	3.14	2,737,742	13.2	107,390	3.92
Medium to long-term corporate loans	10,676,449	46.1	172,549	1.62	9,456,964	45.8	147,497	1.56
Discounted bills	1,148,785	4.9	–	–	527,758	2.6	–	–
Personal loans	8,236,561	35.5	49,555	0.60	7,944,781	38.4	38,542	0.49
Residential mortgages	6,431,991	27.7	25,394	0.39	6,362,685	30.8	15,460	0.24
Personal consumption loans	234,378	1.1	3,985	1.70	187,316	0.9	3,092	1.65
Personal business loans	930,040	4.0	8,454	0.91	702,441	3.4	6,811	0.97
Credit card overdrafts	640,152	2.7	11,722	1.83	692,339	3.3	13,179	1.90
<b>Total</b>	<b>23,212,312</b>	<b>100.0</b>	<b>321,170</b>	<b>1.38</b>	<b>20,667,245</b>	<b>100.0</b>	<b>293,429</b>	<b>1.42</b>

At the end of 2022, corporate NPLs were RMB271,615 million, showing an increase of RMB16,728 million when compared with the end of the previous year, and representing a NPL ratio of 1.96%, with a decrease of 0.13 percentage points. Personal NPLs amounted to RMB49,555 million, showing an increase of RMB11,013 million, and represented a NPL ratio of 0.60%, with an increase of 0.11 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 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Transportation, storage and postal services	3,149,183	25.1	19,324	0.61	2,816,789	25.8	24,762	0.88
Manufacturing	1,949,461	15.5	58,944	3.02	1,654,610	15.1	61,602	3.72
Leasing and commercial services	1,892,850	15.1	38,188	2.02	1,667,376	15.2	33,824	2.03
Water, environment and public utility management	1,511,785	12.0	23,864	1.58	1,370,252	12.5	11,379	0.83
Production and supply of electricity, heating, gas and water	1,211,580	9.6	8,406	0.69	1,065,459	9.7	8,653	0.81
Real estate	724,802	5.8	44,531	6.14	705,714	6.5	33,820	4.79
Wholesale and retail	531,845	4.2	31,696	5.96	464,169	4.2	38,558	8.31
Construction	359,345	2.9	7,513	2.09	312,849	2.9	5,538	1.77
Science, education, culture and sanitation	340,146	2.7	8,337	2.45	287,601	2.6	6,947	2.42
Mining	226,500	1.8	2,706	1.19	203,130	1.9	3,470	1.71
Other	657,994	5.3	17,422	2.65	390,704	3.6	13,827	3.54
<b>Total</b>	<b>12,555,491</b>	<b>100.0</b>	<b>260,931</b>	<b>2.08</b>	<b>10,938,653</b>	<b>100.0</b>	<b>242,380</b>	<b>2.22</b>

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 RMB332,394 million as compared with the end of the previous year, representing a growth rate of 11.8%, mainly due to active support for the construction of highway, railway, airport and berth projects and liquidity needs of large transportation group companies. Manufacturing loans increased by RMB294,851 million, an increase of 17.8%. The Bank continuously increased its support for the manufacturing industry. Loans to enterprises in advanced manufacturing fields such as new-generation information technology, automobile manufacturing, pharmaceutical manufacturing, large-scale refining and chemical projects, and electrical equipment increased rapidly. Loans to leasing and commercial services increased by RMB225,474 million, representing a growth rate of 13.5%, mainly to provide financing support for infrastructure, public services and major people's livelihood projects, as well as to meet the financing needs

of industrial R&D and high-tech park construction. Loans to the production and supply of electricity, heating, gas and water increased by RMB146,121 million, an increase of 13.7%, mainly to support the financing needs of core electric power enterprises and the construction of key projects such as power grid transmission and distribution projects, clean energy and others. Loans to water, environment and public utility management grew by RMB141,533 million, representing a growth rate of 10.3%, mainly for steadily satisfying the investment and financing needs arising from significant projects and projects for people's livelihood in the areas of urban infrastructure construction, water conservancy facilities, ecological environment protection and public services.

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.

## Discussion and Analysis

### DISTRIBUTION OF LOANS AND NPLS BY GEOGRAPHIC AREA

In RMB millions, except for percentages

Item	At 31 December 2022				At 31 December 2021			
	Loan	Percentage (%)	NPLs	NPL ratio (%)	Loan	Percentage (%)	NPLs	NPL ratio (%)
Head Office	747,980	3.2	18,443	2.47	791,994	3.8	21,668	2.74
Yangtze River Delta	4,798,204	20.7	32,910	0.69	4,163,732	20.2	35,149	0.84
Pearl River Delta	3,621,603	15.6	47,328	1.31	3,134,781	15.2	33,860	1.08
Bohai Rim	3,816,621	16.5	69,989	1.83	3,371,325	16.3	72,241	2.14
Central China	3,561,290	15.3	40,888	1.15	3,133,539	15.2	40,046	1.28
Western China	4,225,369	18.2	71,038	1.68	3,746,867	18.1	47,031	1.26
Northeastern China	978,246	4.2	29,203	2.99	895,238	4.3	30,600	3.42
Overseas and other	1,462,999	6.3	11,371	0.78	1,429,769	6.9	12,834	0.90
<b>Total</b>	<b>23,212,312</b>	<b>100.0</b>	<b>321,170</b>	<b>1.38</b>	<b>20,667,245</b>	<b>100.0</b>	<b>293,429</b>	<b>1.42</b>

### 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
<b>Balance at 1 January 2022</b>	<b>269,376</b>	<b>110,649</b>	<b>223,739</b>	<b>603,764</b>	<b>191</b>	<b>–</b>	<b>28</b>	<b>219</b>
Transfer:								
to stage 1	31,002	(28,109)	(2,893)	–	–	–	–	–
to stage 2	(11,705)	15,684	(3,979)	–	–	–	–	–
to stage 3	(4,594)	(49,676)	54,270	–	–	–	–	–
(Reverse)/charge	(6,642)	92,227	57,271	142,856	317	–	–	317
Write-offs and transfer out	–	–	(85,157)	(85,157)	–	–	–	–
Recoveries of loans and advances previously written off	–	–	9,529	9,529	–	–	–	–
Other movements	1,278	811	(857)	1,232	2	–	–	2
<b>Balance at 31 December 2022</b>	<b>278,715</b>	<b>141,586</b>	<b>251,923</b>	<b>672,224</b>	<b>510</b>	<b>–</b>	<b>28</b>	<b>538</b>

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

As at the end of 2022, the allowance for impairment losses on loans stood at RMB672,762 million, of which RMB672,224 million at amortised cost, and RMB538 million at fair value through other comprehensive income. Allowance to NPLs was 209.47%, showing an increase of 3.63 percentage points over the end of last year; allowance to total loans ratio was 2.90%, showing a decrease of 0.02 percentage points.



### DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans secured by mortgages	9,977,153	43.0	9,497,898	46.0
Pledged loans	2,469,508	10.6	1,720,583	8.3
Guaranteed loans	2,544,651	11.0	2,459,887	11.9
Unsecured loans	8,221,000	35.4	6,988,877	33.8
<b>Total</b>	<b>23,212,312</b>	<b>100.0</b>	<b>20,667,245</b>	<b>100.0</b>

### OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 31 December 2022		At 31 December 2021	
	Amount	% of total loans	Amount	% of total loans
Less than 3 months	93,802	0.40	72,444	0.35
3 months to 1 year	79,509	0.34	70,057	0.34
1 to 3 years	91,177	0.40	93,247	0.45
Over 3 years	19,543	0.08	19,153	0.09
<b>Total</b>	<b>284,031</b>	<b>1.22</b>	<b>254,901</b>	<b>1.23</b>

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 RMB284,031 million, representing an increase of RMB29,130 million from the end of the previous year, among which, loans overdue for over 3 months amounted to RMB190,229 million, representing an increase of RMB7,772 million.

### RESCHEDULED LOANS

Rescheduled loans and advances amounted to RMB26,229 million, representing an increase of RMB7,095 million as compared to the end of the previous year. Specifically, rescheduled loans and advances overdue for over 3 months amounted to RMB2,281 million, representing a decrease of RMB20 million.

### LOAN MIGRATION RATIO

In percentages

Item	At 31 December 2022	At 31 December 2021	At 31 December 2020
Pass	1.1	1.1	1.2
Special mention	21.0	17.3	26.8
Substandard	36.6	46.4	66.5
Doubtful	42.5	47.6	51.7

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

## Discussion and Analysis

### Large Exposures Management

In accordance with the relevant regulatory requirements of CBIRC's Measures for the Management of Large Exposures of Commercial Banks and other relevant regulatory rules, the Bank carried out various work on large exposures management in an orderly manner, further improved the large exposures management system, including the construction of related systems, and reported relevant information as required by regulators, to strengthen large exposures limit management, and to continuously improve large exposures management.

#### BORROWER CONCENTRATION

As at the end of 2022, the total amount of loans granted by the Bank to the single largest borrower and top ten single borrowers accounted for 3.8% and 16.0% of the Bank's net capital base respectively. The total amount of loans granted to the top ten single borrowers was RMB684,780 million, accounting for 3.0% of the total loans.

Item	At 31 December 2022	At 31 December 2021	At 31 December 2020
Loan concentration to the single largest borrower (%)	3.8	3.6	3.5
Loan concentration to the top ten borrowers (%)	16.0	14.2	14.8

The table below shows the details of the loans granted to the top ten single borrowers of the Bank as at the end of 2022.

In RMB millions, except for percentages

Borrower	Industry	Amount	% of total loans
Borrower A	Transportation, storage and postal services	163,586	0.7
Borrower B	Finance	89,711	0.4
Borrower C	Finance	78,801	0.3
Borrower D	Transportation, storage and postal services	66,199	0.3
Borrower E	Production and supply of electricity, heating, gas and water	60,000	0.3
Borrower F	Transportation, storage and postal services	50,492	0.2
Borrower G	Transportation, storage and postal services	48,879	0.2
Borrower H	Transportation, storage and postal services	43,022	0.2
Borrower I	Transportation, storage and postal services	42,271	0.2
Borrower J	Transportation, storage and postal services	41,819	0.2
<b>Total</b>		<b>684,780</b>	<b>3.0</b>

For credit risk capital measurement, please refer to the section headed "Credit Risk" of the 2022 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited.

### Market Risk

Market risk is defined as the risk of loss to the Bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, stock prices and commodity prices). The Bank is primarily exposed to interest rate risk and currency risk (including gold). Market risk management is the

process of identifying, measuring, monitoring, controlling and reporting market risk. The objective of market risk management is to control market risk exposures within a tolerable level and maximize risk-adjusted return according to the Bank's risk appetite.

The Bank strictly complies with regulatory requirements on market risk management, has implemented an independent, centralized and coordinated market risk management model, and formed a management organizational structure featuring the segregation of the front, the middle and the back offices in the financial market business. The Board of Directors assumes the ultimate responsibility for monitoring market risk

management. The Senior Management is responsible for executing the strategies, overall policy and system concerning market risk management approved by the Board of Directors. The Market Risk Management Committee of the Senior Management is the reviewing and decision-making organ of the Bank in respect of market risk management, is responsible for reviewing material affairs of market risk management, and performs its duty in accordance with the Working Regulations for the Market Risk Management Committee. The risk management departments at different levels undertake the responsibility of coordinating market risk management at respective levels, and the business departments implement market risk management policies and standards for their respective business areas in accordance with their functions.

In 2022, the Bank continued to deepen the Group's market risk management, innovated the financial market business and product risk management system, and established the product life cycle risk assessment and review mechanism. With the verification and issuance of the Group's market risk limit plan for 2022, the Bank strictly controlled the Group's market risk limit. The interest rate, exchange rate and commodity risks were analyzed in a timely manner. Global financial market monitoring was conducted on an ongoing basis, and a fast risk reporting mechanism was established. The Bank also kept enhancing the intelligent level of market risk management system, promoted the extended application of Global Market Risk Management system to overseas institutions, and pushed forward the implementation of the standardized market risk approach of Basel III Final Reform Package issued by Basel Committee.

### Management of Market Risk in the Trading Book

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

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

### Currency Risk Management

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

In 2022, the Bank positively responded to external environment changes and market fluctuations. By adhering to the currency risk neutrality principle, it comprehensively took measures such as limit management and hedging, actively adjusted the size of foreign exchange exposure and currency structure, improved the matching degree of the Group's asset and liability currencies, and strengthened capital fund preservation management of overseas institutions. In general, the currency risk was controlled within a reasonable range.

### FOREIGN EXCHANGE EXPOSURE

In RMB (USD) millions

Item	At 31 December 2022		At 31 December 2021	
	RMB	USD equivalent	RMB	USD equivalent
Exposure of on-balance sheet foreign exchange items, net	657,841	94,678	444,773	69,919
Exposure of off-balance sheet foreign exchange items, net	(345,192)	(49,681)	(276,298)	(43,435)
<b>Total foreign exchange exposure, net</b>	<b>312,649</b>	<b>44,997</b>	<b>168,475</b>	<b>26,484</b>

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

Please refer to the section headed "Market Risk" of the 2022 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on market risk capital measurement.

### Interest Rate Risk in the Banking Book

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

### Management of Interest Rate Risk in the Banking Book

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

The objective of management of interest rate risk in the banking book: The Bank aims at maximizing the risk-adjusted net interest income within the tolerable level of interest rate risk under its risk management and risk appetite. The Bank formulated strategies and clarified objectives and modes for managing interest rate risk in the banking book based on risk appetite, risk status, macroeconomic and market changes. Based on the pre-judging of the interest rate trend and measurement results of the changes in overall profit and economic value, the Bank formulated and put into practice relevant management policies, and adopted a coordinated

approach to using interest rate risk control tools to mitigate and manage risks, so as to ensure the Bank's actual interest rate risks conform to its bearing capability and willingness. On the basis of management strategies and objectives, the Bank developed policies and made clear the modes and instruments for managing interest rate risk in the banking book. By developing and modifying such methods as on-balance sheet adjustment and off-balance sheet hedging to manage interest rate risk, adeptly using quantity, pricing and derivative instruments regarding assets and liabilities, and applying limit management system, business plan, performance assessment and capital evaluation in all areas for interest rate risk management and assessment, the Bank achieved effective control of interest rate risk at the business lines, the branches, the affiliates and the products and portfolios easily affected by interest rate risk.

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

In 2022, the Bank, in adherence to a prudent interest rate risk appetite, smoothly responded to the complicated and changing economic and financial environments and the risk challenges at home and abroad and improved the dynamic adjustment mechanism for its forward-looking, scientific and active interest rate risk management strategy, so as to accurately control asset-liability layout and interest rate exposures, continuously optimize its interest rate risk management model, and consolidate the quality and effectiveness of the Group's robust cross-cyclical operations. With the coordinated balance between stable growth and risk prevention, the Bank improved the combined regulation mechanism for whole process management, all-factor regulation and full-lifecycle coverage of interest rate risk, kept enhancing the digital management of interest rate risk, and maintained regulatory indicators compliant with standards and interest rate risk controllable, thus achieving balanced growth of the Group's current income and long-term value.

### Analysis on Interest Rate Risk in the Banking Book

#### Interest Rate Sensitivity Analysis

Supposing that there is parallel shift of overall market interest rates, and taking no account of possible risk management actions taken by the Management to mitigate the interest rate risk, the analysis on interest rate sensitivity of the Bank categorized by major currencies at the end of 2022 is shown in the following table:

In RMB millions

Currency	+100 basis points in interest rate		– 100 basis points in interest rate	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(29,467)	(56,877)	29,467	63,210
USD	(469)	(4,663)	469	4,945
HKD	(809)	1,563	809	(1,642)
Other	(436)	(1,290)	436	1,355
<b>Total</b>	<b>(31,181)</b>	<b>(61,267)</b>	<b>31,181</b>	<b>67,868</b>

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

#### Interest Rate Exposure Analysis

As at the end of 2022, the Bank had a positive cumulative interest rate sensitivity exposure within one year of RMB1,905,925 million, representing a decrease of RMB37,693 million from the end of the previous year, mainly caused by the increase in repriced or matured due to customers within one year. The Bank had a positive cumulative interest rate sensitivity exposure above one year of RMB1,361,203 million, representing an increase of RMB342,389 million, mainly resulted from the increase in repriced or matured investment in bonds above one year.

#### INTEREST RATE RISK EXPOSURE

In RMB millions

	Less than 3 months	3 months to 1 year	1 to 5 years	Over 5 years
At 31 December 2022	(7,457,653)	9,363,578	(2,593,546)	3,954,749
At 31 December 2021	(6,440,087)	8,383,705	(2,301,496)	3,320,310

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

### Liquidity Risk

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

## Discussion and Analysis

### Liquidity Risk Management

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

Objective of liquidity risk management: By establishing and improving the liquidity risk management system, the Bank aims at realizing effective identification, measurement, monitoring and control of the liquidity risk at the Group level, the Bank, the affiliates, the branches and the business lines, and ensuring the liquidity demand is satisfied at a reasonable cost in time under the normal business scenario and the stress scenario. The Bank's liquidity risk management strategy and policy are formulated in accordance with the liquidity risk appetite, and they cover all businesses on- and off-balance sheet, all domestic and overseas business departments, branches and

affiliates that are likely to have a material impact on the liquidity risk, and contain the liquidity risk management under normal and stressed scenarios. The liquidity risk management strategy specifies the overall objective and mode of liquidity risk management and lists major policies and procedures. The policies for liquidity risk management are formulated in accordance with external and macro operating environments and business development of the Bank, with a view to striking an effective balance among security, liquidity and profitability. The Bank conducts stress testing quarterly or by subject by fully considering various macro and micro factors that may affect the liquidity of the Bank, changes in the external operating environment, regulatory requirements, and business characteristics and complexity of the Bank.

In 2022, the Bank adhered to a steady and prudent liquidity management strategy, and the Group's liquidity was stable. The Bank intensified the monitoring of funds and maintained a proper and sufficient liquidity reserve, with stable and orderly liquidity and customer payment. The Bank facilitated the ongoing upgrading of liquidity risk management mechanism and system, and continuously enhanced the automation and intelligence level of liquidity risk monitoring, measurement and control. The Bank strengthened on- and off-balance sheet liquidity risk management in local and foreign currencies in domestic and overseas institutions, optimized the multi-level and multi-dimensional liquidity monitoring and early warning system, and enhanced the Group's liquidity risk prevention and emergency response capabilities.

### Liquidity Risk Analysis

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

At the end of 2022, RMB liquidity ratio and foreign currency liquidity ratio of the Bank were 42.3% and 106.1% respectively, both meeting the regulatory requirements. Loan-to-deposit ratio was 76.7%.

Item		Regulatory criteria	At	At	At
			31 December 2022	31 December 2021	31 December 2020
Liquidity ratio (%)	RMB	$\geq 25.0$	42.3	41.5	43.2
	Foreign currency	$\geq 25.0$	106.1	88.9	91.4
Loan-to-deposit ratio (%)	RMB and foreign currency		76.7	77.3	72.8



Net stable funding ratio aims to ensure commercial banks have sufficient stable sources of funding to meet the needs for stable funding of assets and off-balance sheet risk exposures. The net stable funding ratio is the ratio of the available stable funding to the required stable funding. As at the end of the fourth quarter of 2022, the net stable funding ratio was 128.82%, 1.02 percentage points higher than that at the end of the previous quarter, mainly due to the rapid growth of stable funds available for use. For the quantitative information for net stable funding ratio in accordance with CBIRC's Disclosure Rules on Net Stable Funding Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

The daily average liquidity coverage ratio for the fourth quarter of 2022 was 118.27%, 2.43 percentage points lower than the previous quarter, mainly because of the decreased cash inflows in the next 30 days. High-quality liquid assets cover cash, available central bank reserve under stress and primary and secondary bond assets that can be included in the liquidity coverage ratio under the

regulatory requirements. For the quantitative information for liquidity coverage ratio based on CBIRC's Administrative Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks, please refer to the section headed "Unaudited Supplementary Information to the Consolidated Financial Statements".

As at the end of 2022, the negative liquidity exposure for less than 1 month expanded, mainly due to the increase of matured due to customers within corresponding term. The negative liquidity exposure for 3 months to 1 year decreased slightly, mainly due to the increase of matured loans and advances to customers with corresponding term. The positive liquidity exposure for 1 to 5 years and over 5 years expanded, which was mainly due to the increase in matured loans and advances to customers and bond investments within corresponding term. In 2022, the Bank maintained stable and abundant funds, balanced and steady growth in assets and liabilities, reasonable and appropriate cash flows of various maturities, and safe and steady liquidity operation.

### LIQUIDITY EXPOSURE ANALYSIS

In RMB millions

	Overdue/ repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
At 31 December 2022	(15,631,491)	(105,382)	(415,942)	(332,120)	660,016	15,932,097	3,406,648	3,513,826
At 31 December 2021	(14,262,606)	(89,448)	(415,735)	(377,347)	538,067	14,692,050	3,190,277	3,275,258

Note: Please refer to "Note 50.(b) to the Consolidated Financial Statements: Liquidity Risk".

## Operational Risk

### Operational Risk Management

Operational risk is defined as the possibility of loss resulting from insufficient or problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic

and reputational risk. There are seven major types of operational risks faced by the Bank, including internal fraud, external fraud, employment system and workplace safety, customers, products and business activities, damage to physical assets, IT system, execution and delivery and process management. Among these, external fraud, execution, delivery and process management constitute major sources of operational risk losses of the Bank.

## Discussion and Analysis

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

In 2022, the Bank deepened operational risk management and improved the business continuity management system in line with regulatory focuses and operational risk trends, to ensure continuous business operation. In alignment with the regulatory requirements of the Basel Committee and the CBIRC for operational risk management, the Bank strengthened loss data management, optimized the operational risk management system, steadily advanced the project on meeting new operational risk regulations, and coordinated the self-assessment of operational risk and control, to enhance operational risk control in a constant manner. To improve the long-term case prevention mechanism, the Bank issued the Administrative Measures for the Responsibility System for the Prevention of Criminal-related Cases, to consolidate the main responsibilities for case prevention, deepen the joint prevention and control of criminal-related cases and risk events, and normalize and standardize case warning and education in the whole bank. Besides, it continued to strengthen the grid-based intelligent control mechanism for abnormal employee behavior, carried out special governance in key business areas, and intensified

the analysis of abnormal employee behavior, so as to enhance the capability in preventing violations. During the reporting period, the operational risk control system of the Bank operated smoothly, and the operational risk was controllable on the whole.

Please refer to the section headed “Operational Risk” of the 2022 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on operational risk capital measurement.

### Legal Risk

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

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

In 2022, the Bank continued to strengthen legal risk management, by improving the risk prevention and control capacity in legal risk management, ensuring the legal and compliant operation, healthy business development and overall business stability of the Group. In accordance with new laws and regulations, its business rules, relevant agreements and system construction were improved, and legal risk prevention and control in key areas and links was further pushed forward in line with new requirements of financial regulators. The Bank also conducted ongoing monitoring of legal risks and improved both the vertical interconnection and horizontal coordination mechanism between the Head Office and branches. By systematically embedding legal risk prevention and control into business negotiations, product design, contract signing and other links, the Bank made risk prevention and control more prospective, proactive and targeted. It improved the cross-border coordination and management for legal work, strengthened the legal risk management of overseas institutions, and enhanced the training of legal talents for overseas business, thus properly responding to cross-border legal issues emerging in the development of international operations. Moreover, the Bank ameliorated the function design and management mechanism for the electronic signing system, to further enhance its risk control capability and usability, and effectively prevent and control operational risk, legal risk and reputational risk caused by misuse of contract seal. It continuously reinforced authorization management, related party management, trademark management and intellectual property protection, and made efforts to constantly institutionalize risk management and control, and refine the structure of the system. The Bank devoted great energy to strongly deal with lawsuit cases to protect the Bank's rights and interests in accordance with law and avoid and reduce risk losses. In addition to the active assistance in online judicial inquiry and enforcement, the Bank played a positive role in improving the efficiency of law enforcement and case handling by competent authorities and building a social credibility system.

### Money Laundering Risk

In strict compliance with anti-money laundering ("AML") laws and regulations of China and host countries (regions) of overseas institutions, the Bank sincerely fulfilled the legal obligations and social responsibilities concerning AML. Focusing on foundation solidifying, technology-driven empowerment and team building, the Bank reinforced the Group's money laundering risk management in a planned manner. It enhanced domestic institutions' capabilities in solidifying foundation for AML and established an AML customer due diligence system. It promoted the construction of a long-term mechanism for overseas AML management, and set up a sanction-related risk management framework. To appropriately implement money laundering risk assessment, the Bank also built a new AML ecosystem and a big data supervision and management system. Besides, the campaign of "AML Training and Publicity Season" was launched to effectively enhance the ability of employees to perform AML responsibilities, and strengthen the public's awareness of resisting money laundering crimes and intensifying self-protection. With these efforts, the quality and efficiency of AML has been further improved.

### Reputational Risk

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

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

In 2022, the Bank deepened the implementation of the Group's reputational risk management rules and requirements, continuously improved the group-wide and whole-process reputational risk management system and kept optimizing the reputational risk working mechanism, for the constant improvement of reputational risk management. It strengthened the normalization of reputational risk management, consolidated the responsibilities of management entities, and intensified the prevention and control of risk sources, to elevate the quality and efficiency of management. In addition, regarding the issues of social focusing, the Bank timely responded to social concerns, organized and promoted influential brand communication activities, to enhance the Bank's brand image. During the reporting period, the reputational risk of the Bank stood in a controllable range.

### Country Risk

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

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

In 2022, the Bank strictly abode by regulatory requirements and, with consideration of its business development needs, continued to strengthen country risk management, facing the increasingly complicated and severe external environment. The Bank closely observed changes in country risk exposures, constantly tracked, monitored and reported country risk, and timely updated and adjusted the country risk rating and limits. It continued to strengthen early warning mechanism for country risk, proactively conducted stress testing on country risk and reasonably and effectively controlled country risk while steadily promoting internationalization.

## CAPITAL MANAGEMENT

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

In 2022, the Bank established and refined the lean capital management, continuously improved scientific capital raising, efficient allocation, precise measurement, long-term constraint and normal optimization management mechanism, and continued to elevate the capital use efficiency. It improved the long-term capital replenishment mechanism, optimized the capital structure and reduced

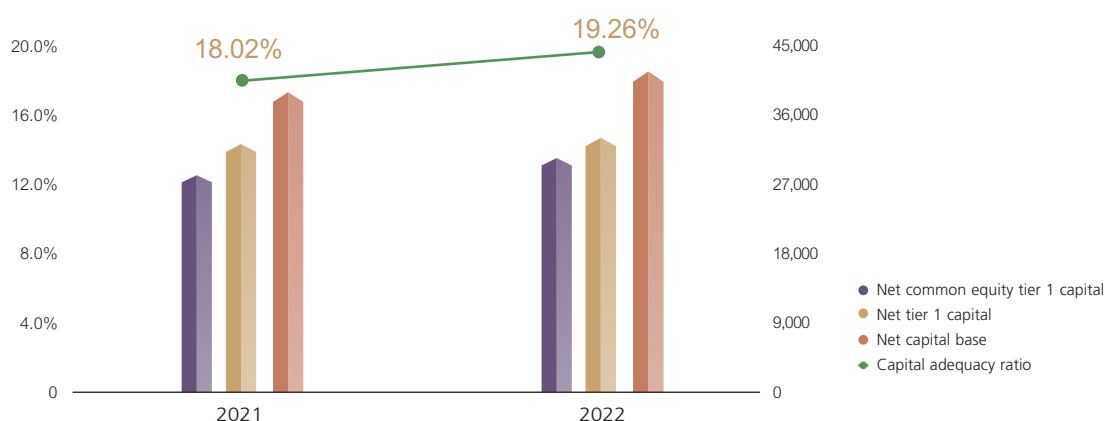
the cost of capital, thus laying a solid capital foundation for the Bank to enhance its market competitiveness and serve the real economy. In 2022, all capital indicators performed well, of which capital adequacy ratio was kept at a sound and appropriate level.

## Capital Adequacy Ratio and Leverage Ratio

The Bank calculated its capital adequacy ratios at all levels in accordance with the Capital Regulation. 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 meeting regulatory requirements. The weighted approach was adopted for credit risk uncovered by the IRB approach and the standardized approach was adopted for market risk uncovered by the IMA.

## Capital adequacy ratio

Unit: RMB100 millions, %



## Discussion and Analysis

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

In RMB millions, except for percentages

Item	At 31 December 2022		At 31 December 2021	
	Group	Parent Company	Group	Parent Company
Net common equity tier 1 capital	3,121,080	2,824,565	2,886,378	2,614,392
Net tier 1 capital	3,475,995	3,152,660	3,241,364	2,944,636
Net capital base	4,281,079	3,945,322	3,909,669	3,600,883
Common equity tier 1 capital adequacy ratio (%)	14.04	14.03	13.31	13.29
Tier 1 capital adequacy ratio (%)	15.64	15.66	14.94	14.97
Capital adequacy ratio (%)	19.26	19.60	18.02	18.30

As at the end of 2022, the common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated by the Bank in accordance with the Capital Regulation stood at 14.04%, 15.64% and 19.26%, respectively, complying with regulatory requirements.

### CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 31 December 2022	At 31 December 2021
<b>Common equity tier 1 capital</b>	<b>3,141,891</b>	<b>2,903,516</b>
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,174	148,597
Surplus reserve	392,162	356,849
General reserve	496,406	438,640
Retained profits	1,766,288	1,618,142
Valid portion of minority interests	3,293	3,539
Other	(20,839)	(18,658)
<b>Common equity tier 1 capital deductions</b>	<b>20,811</b>	<b>17,138</b>
Goodwill	8,320	7,691
Other intangible assets other than land use rights	7,473	5,669
Cash flow hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	(4,202)
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
<b>Net common equity tier 1 capital</b>	<b>3,121,080</b>	<b>2,886,378</b>
<b>Additional tier 1 capital</b>	<b>354,915</b>	<b>354,986</b>
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	584	655
<b>Net tier 1 capital</b>	<b>3,475,995</b>	<b>3,241,364</b>
<b>Tier 2 capital</b>	<b>805,084</b>	<b>668,305</b>
Valid portion of tier 2 capital instruments and related premiums	528,307	418,415
Surplus provision for loan impairment	275,764	248,774
Valid portion of minority interests	1,013	1,116
<b>Net capital base</b>	<b>4,281,079</b>	<b>3,909,669</b>
<b>Risk-weighted assets<sup>(1)</sup></b>	<b>22,225,272</b>	<b>21,690,349</b>
<b>Common equity tier 1 capital adequacy ratio (%)</b>	<b>14.04</b>	<b>13.31</b>
<b>Tier 1 capital adequacy ratio (%)</b>	<b>15.64</b>	<b>14.94</b>
<b>Capital adequacy ratio (%)</b>	<b>19.26</b>	<b>18.02</b>

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



## RISK-WEIGHTED ASSETS

In RMB millions

Item	At 31 December 2022	At 31 December 2021
Credit risk-weighted assets	20,488,486	20,042,955
Parts covered by internal ratings-based approach	13,248,337	13,472,715
Parts uncovered by internal ratings-based approach	7,240,149	6,570,240
Market risk-weighted assets	203,207	153,686
Parts covered by internal model approach	80,583	51,014
Parts uncovered by internal model approach	122,624	102,672
Operational risk-weighted assets	1,533,579	1,493,708
<b>Total</b>	<b>22,225,272</b>	<b>21,690,349</b>

Please refer to the 2022 Capital Adequacy Ratio Report of Industrial and Commercial Bank of China Limited issued by the Bank for further information on capital measurement.

## LEVERAGE RATIO

In RMB millions, except for percentages

Item	At 31 December 2022	At 30 September 2022	At 30 June 2022	At 31 March 2022	At 31 December 2021
Net tier 1 capital	3,475,995	3,391,913	3,296,397	3,321,161	3,241,364
Balance of adjusted on- and off-balance sheet assets	41,780,554	41,802,773	41,006,112	39,560,645	37,292,522
<b>Leverage ratio (%)</b>	<b>8.32</b>	<b>8.11</b>	<b>8.04</b>	<b>8.40</b>	<b>8.69</b>

Note: Please refer to "Unaudited Supplementary Information to the Consolidated Financial Statements" for details on disclosed leverage ratio information.

## Capital Financing Management

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

## Issuance Progress of Undated Additional Tier 1 Capital Bonds

The First Extraordinary General Meeting of 2022 of the Bank reviewed and approved the Proposal on the Issuance of Undated Additional Tier 1 Capital Bonds. The Bank planned to issue undated additional tier 1 capital bonds of no more than RMB130.0 billion in China's domestic market. All proceeds from the issuance were used to replenish the Bank's additional tier 1 capital. The issuance plan of the undated additional tier 1 capital bonds is still subject to the approval of relevant regulatory authorities.

## Discussion and Analysis

### Issuance Progress of Tier 2 Capital Bonds

The Bank issued three tranches of tier 2 capital bonds of RMB40.0 billion, RMB50.0 billion and RMB40.0 billion respectively in China's national inter-bank bond market in January, April and August 2022. 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 October 2022, the Bank received the approvals from CBIRC, for the Bank to publicly issue tier 2 capital bonds of no more than RMB200.0 billion in China's national inter-bank bond market and record into the Bank's tier 2 capital according to relevant regulations. In November and December 2022, the Bank issued two tranches of tier 2 capital bonds of RMB60.0 billion and RMB30.0 billion in the national inter-bank bond market, respectively. All proceeds were used to replenish the Bank's tier 2 capital in accordance with the applicable laws as approved by relevant regulatory authorities.

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

### Allocation and Management of Economic Capital

Economic capital management of the Bank includes three major aspects: measurement, allocation and application. Economic capital indicators include Economic Capital (EC),

Risk-Adjusted Return on Capital (RAROC) and Economic Value-added (EVA). All of the above are applied in credit resource allocation, risk constraint, performance assessment, expenditure allocation, product pricing and customer management, etc.

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

### Assessment Indicators of Systemically Important Banks

#### Global Systemically Importance Assessment Indicators of Commercial Banks

In accordance with the Guidelines on the Disclosure of Global Systemically Importance Assessment Indicators for Commercial Banks issued by 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	2022
Size	Balance of adjusted on- and off-balance sheet assets	42,074,963
Interconnectedness	Intra-financial system assets	2,467,410
	Intra-financial system liabilities	3,225,190
	Securities and other financing instruments issued	5,460,907
Substitutability	Payments settled via payment systems or correspondent banks	640,334,459
	Assets under custody	20,047,724
	Underwritten transactions in debt and equity markets	2,058,880
	Trading volume of fixed-income securities	8,676,152
	Trading volume of listed equities and other securities	1,704,443
Complexity	Notional amount of over-the-counter ("OTC") derivatives	7,338,366
	Trading and available-for-sale securities	804,507
	Level 3 assets	156,343
Global (cross-jurisdictional) activity	Cross-jurisdictional claims	2,402,511
	Cross-jurisdictional liabilities	2,244,014

## Assessment Indicators of Domestic Systemically Important Banks

In accordance with the Measures for Assessment of Systemically Important Banks issued by PBC and CBIRC and the Notice on Launching the Assessment Data Completion of Systemically Important Banks issued by CBIRC, the Bank calculated and disclosed the 2021 assessment indicators of domestic systemically important banks.

In RMB millions, unless otherwise specified

Indicator category	Indicator	2021
Size	Balance of adjusted on- and off-balance sheet assets	37,292,522
Interconnectedness	Intra-financial system assets	3,402,184
	Intra-financial system liabilities	3,287,766
	Securities and other financing instruments issued	2,566,987
Substitutability	Payments settled via payment systems or correspondent banks	493,730,289
	Assets under custody	19,980,932
	Agency and commission-based business	13,087,091
	Number of corporate customers (in 10,000)	969
	Number of personal customers (in 10,000)	70,371
	Number of domestic operating institutions	16,036
Complexity	Derivatives	8,118,630
	Securities measured at fair value	784,582
	Assets of non-banking affiliates	969,234
	Wealth management business	563,640
	Balance of wealth management products issued by the wealth management subsidiary	2,021,804
	Cross-jurisdictional claims and liabilities	4,161,856

### OUTLOOK

2022 was an extraordinary year. Adhering to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, ICBC continued to earnestly implement the decisions and arrangements of the Central Committee of the Communist Party of China ("CPC") and the State Council. Following the "48-character" guideline, the Bank coordinated development and safety, and advanced the "Strong, Excellent and Large" features by making efforts in "stability, progress and reform". It achieved the admirable performance of **making progress and improving quality while ensuring stability, which was better than the expected and the best over recent years**, and reached a new stage in the high-quality development of the Bank.

2023 is the start for comprehensively implementing the guiding principles of the 20<sup>th</sup> National Congress of the CPC. The fundamentals of the Chinese economy remain unchanged, and they will maintain long-term growth and demonstrate strong resilience, great potential and sufficient vitality. The economic operation is expected to recover in general, creating favorable conditions for the high-quality development of the banking industry. However, the world has entered a new period of turmoil and changes and the world economy may be troubled by stagflation, producing adverse influence for the stable and healthy operation of banking.

ICBC will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and carry out in depth the guiding principles of the 20<sup>th</sup> National Congress of the CPC, and fully and faithfully apply the new development philosophy on all fronts. Following the "48-character" guideline, the Bank will focus on serving the Chinese path to modernization and driving high-quality development. It will strive to further practice the arrangements of "leveraging our strengths, tackling areas of weaknesses and solidifying the foundation" and seek new breakthroughs in development plans. With concrete action, the Bank will contribute to the efforts to kick off to a good start for building a modern socialist country in all respects.

**First, it will stabilize growth to fully serve the Chinese path to modernization.** The Bank will firmly implement the decisions and arrangements of the Central Committee of the CPC, put stability first and pursue progress while ensuring stability, and fulfill its responsibilities as a large bank in promoting larger domestic demand, optimized supply and smooth circulation. It will deepen the implementation of key strategies such as the No.1 Personal Bank, the Preferred Bank for Foreign Exchange Business, Sharpening Competitive Edge in Key Regions, and Urban-Rural Collaborative Development. By providing high-quality financial services, the Bank will contribute to the efforts of stabilizing growth, employment and price.

**Second, it will adjust structure to create the new ecosystem of high-quality development.** Aiming to develop into a world-class and modern financial enterprise with Chinese characteristics, the Bank will construct a balanced and coordinated customer structure, a stable and reasonable asset structure, a diverse income structure, an innovative and leading product structure, and a fully integrated channel structure. In doing so, it will solidify the "Strong, Excellent and Large" features and move closer towards balanced, coordinated and sustainable developments.

**Third, it will provide driving forces by enhancing support in technology, data and talents.** The Bank will accurately follow the direction of modern financial development and remain committed to technology self-reliance, development empowered by digital technology and development led and driven by talents. It will advance the building of "D-ICBC", a strong bank with technology advantages and top-notch talent teams, and first-class think tanks. Continuous efforts will be made to improve customer experience, business efficiency and value creation capability. The Bank will continue to plan in a well-coordinated way and fully deepen the comprehensive reform to build new engines for high-quality development.

**Fourth, it will prevent risks and put up new high-level defense lines for security.** Adhering to a holistic approach to national security, the Bank will refine the Five-pronged Risk Management Approach, strengthen source control and joint prevention, and keep a close eye on major fields, weak links and critical positions in promoting the iteration and upgrading of the comprehensive risk management system. It will enhance building, execution and supervision of the internal control system and unrelentingly reinforce production safety to effectively prevent and eliminate major risks.

**Fifth, it will break new ground in the guidance of the Party building.** The Bank will keep cementing the results of the disciplinary inspection by the CPC Central Committee, continue to refine the implementation mechanism for the major decisions and arrangements of the CPC Central Committee, and promote the guiding principles of the 20<sup>th</sup> CPC National Congress to be carried out throughout the Bank and produce vivid practice. It will remain firmly committed to the full and strict Party self-governance, continue with strict keynote, measures and atmosphere in the long run, and strive to build a clean, righteous, practical and accountable political environment.

## HOT TOPICS IN THE CAPITAL MARKET

**Hot Topic 1: Bright Spots in High-quality Development**

Since 2019, ICBC has adhered to the “48-character” guideline, implemented the strategy of “leveraging our strengths, tackling areas of weaknesses and solidifying the foundation”, strived to be stronger, bigger and better in a push for high-quality development and managed to make its financial services more adaptable, competitive and inclusive. The Bank delivered **better-than-expected results and year-on-year improvements** in major performance indicators, showing steady progress with higher quality. With more evident features of high-quality development, ICBC has made fresh headway in its drive for a world-class and modern financial enterprise with Chinese characteristics.

**First, the “strong” foundation was effectively cemented.** The capital adequacy ratio rose to over 19%, remaining on the rise for 10 consecutive quarters since 2019 and cementing the Bank’s position among the world’s top banks. Allowance to NPLs was stable at around 200%, suggesting strong resilience to risks. Asset quality was further consolidated with NPL ratio standing at 1.38% in 2022, in a downtrend for 8 quarters in a row.

**Second, the “excellent” quality was effectively maintained.** In 2019-2021, the Bank’s return on average total assets (“ROA”) remained above 1% and the return on weighted average equity (“ROE”) was kept at around 12%, both at relatively good level. Net interest margin (“NIM”) stayed above 2.1%. ROA and ROE were 0.97% and 11.43% in 2022, respectively, and NIM stood at 1.92%. The Bank maintained a comparable range of profitability and return to those of its peers.

**Third, the strengths in “large” scale were effectively consolidated. Scale indicators registered further growth.** Total assets rose to nearly RMB40 trillion from RMB28 trillion. Total loans expanded from RMB15 trillion to more than RMB23 trillion. The balance of deposits (including deposits from banks and other financial institutions) exceeded RMB32 trillion from RMB23 trillion, leading the global banking industry. Net capital base grew from RMB3 trillion to RMB4 trillion. **Profitability continued to improve.** Operating income grew to RMB841.4 billion from RMB725.1 billion, being the first bank to break the mark of RMB800.0 billion in the domestic banking sector. Net profit rose to RMB361.0 billion from RMB298.7 billion, the first among comparable

peers to break the mark of RMB300.0 billion, RMB350.0 billion and RMB360.0 billion respectively, an all-time high topping the world.

**Fourth, the “specialized” brand image was effectively enhanced.** Loans to manufacturing, sci-tech innovation, green and other specialty fields registered faster-than-average growth, maintaining an edge over peers. Specifically, the balance of loans to manufacturing exceeded RMB3 trillion, and both the balance and increment of such ranked first in the industry. Total loans to strategic emerging industries exceeded RMB1.7 trillion. The balance of agriculture-related loans exceeded RMB3 trillion.

**Hot Topic 2: Serving the Real Economy as a Pillar to Ensure its Stable Growth**

In 2022 when domestic and international situations were complicated by various risks and challenges, the Bank adhered to the principle of commercial sustainability, maintained a prudent risk appetite, selected customers and projects on the basis of merit, and effectively transmitted the monetary policy. Moreover, the Bank expanded the total supply of financial resources, boosted precise and direct access to funding, provided high-quality support for the real economy and effectively bolstered business development and competitiveness enhancement.

**First, aggregate investment and financing grew fast to support profit growth.** The continuity and stability of financing were boosted to help stabilize the economy and growth while maintaining strong momentum for income and profit growth. **Total credit supply expanded.** The Bank introduced a series of financial service policy tools, including 30 measures to help stabilize the macroeconomy. Credit supply registered higher year-on-year growth than a year ago, leading the banking sector in both quantity and quality. In 2022, the Bank’s RMB denominated loans of domestic branches increased by RMB2.6 trillion from the end of last year, with the increment increased by RMB428.3 billion year-on-year. Quarterly growth of loans registered a higher year-on-year increase thanks to all-out, front-loaded and targeted lending at a more balanced pace. **A combination of financing channels was utilized.** An all-time high of more than RMB6.4 trillion of financing was channeled into the real economy in the form of loans, bonds, leasing and debt-for-equity swaps. In addition, the Bank aligned its lending activity

## Discussion and Analysis

with the structural monetary policy instruments for carbon emission reduction, clean and efficient use of coal, sci-tech innovation and transportation and logistics, and supplied the largest amount of funding for these fields across the banking sector.

### **Second, the allocation of credit funds became more targeted to further sharpen the competitive edge.**

The Bank recorded an increase of RMB775.1 billion in loans to new basic industries when compared with the beginning of the year, leading the market by both total size and increment, with a focus on five key areas (including the financing of infrastructure fund-backed projects and the transportation, water conservancy and energy network infrastructures) and the marketing of key projects in the 14<sup>th</sup> Five-Year Plan. Focused on primary responsibilities and core businesses, loans to manufacturing increased by nearly RMB870.0 billion when compared with the beginning of the year. Industry chain-wide financial service plans were rolled out for integrated circuits, the automobile industry and machinery and equipment. Targeted efforts were made at the intersection of innovation and industrial chains. The Bank's loans to emerging industries increased by 65% from the beginning of the year, and loans to enterprises featuring "Specialization, Refinement, Differentiation and Innovation" increased by more than 85%. **The inclusive service models were innovated.** The Bank forged a "targeted, smooth and smart" new image of digital inclusive finance and continued to improve the three product lines of e-Mortgage Quick Loan, Quick Lending for Operation and Digital Supply Chain. The inclusive loans increased by more than RMB450.0 billion or 40% from the beginning of the year, and the number of customers exceeded 1 million. **The green finance layout was optimized.** The Bank built the green finance brand "ICBC Green Bank+", and improved the "green technological transformation" product line. At the end of 2022, the balance of green loans reached nearly RMB4 trillion, leading the banking sector in both balance and increment. The Bank launched the "Chunrong Action" to stabilize foreign trade and foreign investment. More than RMB1.17 trillion of new loans were issued to foreign trade and foreign-funded enterprises in the fields of advanced manufacturing, "Specialization, Refinement, Differentiation and Innovation" fields and domestic and foreign trade integration. Making the most of its global network, the Bank issued more than USD48.5 billion of loans to overseas upstream and downstream of key foreign traders and foreign-funded enterprises. The Bank boosted its competitiveness in major regional credit markets leveraging its strengths in comprehensive financial services, and its RMB loans in key regions, such as the Beijing-Tianjin-Hebei

Integration, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle grew faster than the beginning of the year. In addition, in 2022, the Bank continued to deepen and improve the LPR pricing authorization system for classified loans and accurately implemented loan pricing. On the other hand, the Bank applied strict "access control" to new loans, maintaining a low NPL ratio through the year.

### **Hot Topic 3: Working Hard on "GBC+" Projects to Improve the Customer Ecosystem**

In 2022, the Bank made solid progress in deepening the development of "GBC+" projects. With the construction of scenario-based financial services and digital marketing as the core means, the optimal integration of online and offline channels as effective support and customer groups such as "agriculture, rural areas and farmers", payroll service customers and merchants as the important points of breakthrough, the Bank improved the customer ecosystem where customers of different sizes are well coordinated and customers at different age groups are well balanced. It further optimized the D-ICBC digital ecosystem and the ECOS technology ecosystem, unblocked the internal circulation of funds and effectively achieved rapid growth of deposits in 2022.

**First, key GBC (government, business and consumer) scenarios were effectively implemented.** With a focus on 22 key scenarios including rural revitalization, basic living consumption and medical insurance services, the G (government), B (business) and C (consumer) are integrated and mutually promoted to achieve all-round development. During the reporting period, the key scenarios created 6,994 new G-end customers (up 195% year-on-year), 473 thousand new B-end customers (up 141% year-on-year), and 72.75 million new and active C-end customers (up 85% year-on-year), showing faster improvement of the customer ecosystem. G-end customers' deposits increased by RMB151.9 billion, B-end customers' deposits increased by RMB338.8 billion and payroll service for C-end customers amounted to RMB1.9 trillion, indicating remarkable results of deposit taking and customer attraction.

**Second, the Bank's customer base achieved bigger size and higher quality.** During the reporting period, the number of either corporate customers or corporate accounts exceeded 10 million, a historical high. New corporate customers drove an increase of RMB283.8 billion in corporate deposits and new personal customers



fueled an increase of RMB178.0 billion in savings deposits compared with the end of the previous year. The Bank registered a substantially larger number of corporate customers with average daily financial assets of more than RMB10,000 and personal customers with average daily financial assets of more than RMB50,000, showing an improving quality of customers. The number of corporate borrowers increased by nearly 30%, and corporate loans rose by RMB1.63 trillion from the end of the previous year, hitting a record high.

**Third, the inner circulation of funds was unimpeded.**

Backed by the GBC panoramic fund flow data system, the Bank continued to use high-quality financial services to promote the improvement of quality and increase of fund retention from existing customers and attracted new customers to open accounts with the Bank. During the reporting period, the fund returning ratio of the Bank reached 43.58%, an increase of 3 percentage points.

**Fourth, the coordination of channels gained momentum.** Basic strengths in offline channels were consolidated to boost the competitiveness of outlets. New areas of online services were opened up and mobile banking and other online channels were improved to provide customers with faster, stronger and more interesting experience of digital finance. The Bank pursued in-depth integration of online and offline channels so that all channels could complement each other better to enable “one-point access, all-channel response”, providing strong support for the implementation of key strategies and development of various work of the Bank.

**Fifth, key customer groups grew at a faster pace.**

Though urban-rural collaboration, the Bank as a top-notch player has had its rural revitalization work take root in rural markets. During the reporting period, the personal, corporate and institutional customers in county areas increased by 4%, 14% and 11%, respectively. The balance of agriculture-related loans exceeded RMB3 trillion to hit a record high, leading the banking sector in both increment and growth rate. **Payroll service** deepened interaction between business segments and integration of resources to achieve growth on multiple fronts in parallel. During the reporting period, the Bank provided payroll service for 814 thousand corporate customers, an increase of 87 thousand corporations, serving a total of 110 million personal customers, an increase of 1.25 million individuals, with the balance of relevant AUM growing by RMB844.5 billion to RMB6.9 trillion. The number of **merchant customers** exceeded 10 million, the first to break the mark worldwide, and the number of new merchant customers

exceeded RMB3.2 million, far ahead of peers by both total size and increment. Fund inflows from merchants totaled RMB3.79 trillion, an increase of 5.8%. Incremental savings deposits and financial assets reached RMB127.7 billion and RMB149.3 billion, up 59% and 43%, respectively, providing a new model and a new driving force for the Bank's profit growth.

**In addition, the Bank stepped up efforts to build the D-ICBC digital ecosystem and the ECOS technology ecosystem,**

providing a powerhouse for the GBC+ customer ecosystem. In terms of the D-ICBC digital ecosystem, empowering industry development, the Bank participated deeply in digital transformation of the industry and innovated the ICBC Global Pay – Overseas Direct Payment, which won the first prize of the PBC's FinTech Development Awards. In serving the public wellbeing, the service processes were continuously streamlined, and Mobile Banking 8.0 and ICBC e Life 5.0 were launched to provide over 500 million customers with personalized service experience. The Bank was the first to complete aging and barrier-free transformation of internet services. In strengthening government-bank cooperation, the Bank unleashed its technological and data strengths to facilitate the digital government construction. It was the only bank to develop the nationwide pooling system for pension insurance funds, and cooperated with local governments in developing the dedicated government App. The annual transaction value of the Anxin fund supervision platform exceeded RMB330.0 billion. In terms of ECOS technology ecosystem, driven by both technology and data, the cloud computing platform continued to lead in the banking sector by size, with the data scale growing rapidly in excess of 270PB, up about 30% year on year, and the number of intelligent models in use exceeding 2,200. The distributed and open architecture transition was deepened, with more than 5,000 open API services exported. The Bank helped deepen innovation in the R&D mechanism and adopted the open competition mechanism to better unleash the vitality of sci-tech innovation. The requirement R&D cycle was shortened by 11% year-on-year, suggesting significant improvements in quality and effectiveness of R&D.

In the future, the Bank will adhere to systematic thinking, strengthen FinTech empowerment, coordinate the development of “GBC+” projects, provide a strong growth momentum for the customer ecosystem and accelerate the cultivation of a balanced, coordinated and sustainable ecosystem of high-quality development.

### Hot Topic 4: New Breakthroughs in High-quality Development of Deposits

In 2022, the Bank worked hard to build the customer base and progressed steadily towards volume-price coordination, making new breakthroughs in the high-quality development of deposits. At the end of the year, due to customers increased by RMB3.43 trillion over the end of last year, RMB2.12 trillion more than the increase at the same period of last year. The deposits showed continued improvements in stability and equilibrium, leading the market by both aggregate and incremental size.

**First, the Bank had a stronger influence in aggregate deposit base.** With its farsightedness in the pattern of fund flows in the society, the Bank was a frontrunner in competing for deposits and achieved rapid growth of total deposits. The balance of domestic deposits in RMB and foreign currencies (including deposits from banks and other financial institutions) exceeded RMB30 trillion to reach RMB30.9 trillion, an increase of RMB3.5 trillion over the end of last year, and RMB2 trillion higher than the same period last year, providing more stable and sustainable financial support for the real economy. The incremental size hit an all-time high for the same period.

**Second, the average daily growth in deposits led the banking sector.** The Bank attaches great importance to the daily accumulation of deposits, highlighting the daily average level. The deposit base has been gradually stabilized and increased by expanding channels, strengthening product portfolio, improving system functions and enhancing service experience. The equilibrium rate of new deposits reached the highest level in recent years, with the deposit curve trending up steadily and upward, leaving a “distinctive curve” pointing to an average daily increment ahead of peers.

**Third, breakthroughs were made in the coordinated growth across deposit business segments.** The Bank scientifically grasped the new trends and features of fund flows to expand the flow and stock and enlarge the deposit and AUM capacity. The balance of domestic personal deposits in RMB and foreign currencies exceeded RMB14 trillion. Domestic corporate deposits in RMB and foreign currencies broke the mark of RMB13 trillion, with a focus on payroll service, pensions, new urban residents, merchants, county areas and entrepreneurs, and stronger synergies among sectors and business lines. Incremental personal deposits and corporate deposits reached a record high for the same period.

**Fourth, the competitiveness in deposits in key regions has steadily improved.** The Bank served the coordinated regional development strategies of China, focused on the changing spatial patterns of the national economy such as industrial upgrading, redistribution of factors of production and evolution of metropolitan areas. It actively seized business opportunities in key regions and tapped deep into the deposit markets in key regions, leading the market by both balance and increment of deposits in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central China and Chengdu-Chongqing region.

**Fifth, deposits showed a prominent feature of coordinated volume and price development.** The Bank took the initiative to adapt to the market-oriented reform of deposit interest rates and actively implemented the market-oriented adjustment mechanism for deposit interest rates. In September, the Bank lowered the quoted rate of RMB deposits, which marks an important step forward in promoting the market-oriented reform of deposit interest rates. Tools were flexibly used to improve the deposit mix to stabilize the proportion of demand deposits. The deposit cost was kept at a relatively low level among comparable peers by constantly optimizing the terms, interest rates and structure of deposits. The Bank has enhanced its ability to coordinate volume with price of deposits and create value.

**Sixth, the overall customer base continued to consolidate.** The Bank fully harnessed its strengths in comprehensive financial services including products, services, channels and technology and strengthened its overall customer base with higher-quality financial products and better comprehensive services, retaining funds more efficiently. The customer base expanded effectively on the G (government), B (business) and C (consumer) ends. With stronger ability to reach customers with targeted services, the Bank saw a broader range and a higher activity level of customers, a higher ratio of fund retention from institutional and corporate customers, a higher on-boarding ratio of target customers outside the Bank and a higher retention rate of payroll service customers.

The Bank continued to improve the customer ecosystem and the structure of new deposits with well-coordinated quality and quantity, volume and price. The Bank sharpened its competitive edge in market by effective growth of daily average deposits and boosted the ability to provide more stable and sustainable funding support for the real economy while pursuing its own high-quality development.

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

### Changes in Ordinary Shares

#### DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

	At 31 December 2021		Increase/decrease during the reporting period	At 31 December 2022	
	Number of shares	Percentage (%)		Number of shares	Percentage (%)
<b>I. Shares subject to restrictions on sales</b>	–	–	–	–	–
<b>II. Shares not subject to restrictions on sales</b>	356,406,257,089	100.00	–	356,406,257,089	100.00
1. RMB-denominated ordinary shares	269,612,212,539	75.65	–	269,612,212,539	75.65
2. Foreign shares listed overseas	86,794,044,550	24.35	–	86,794,044,550	24.35
<b>III. Total number of shares</b>	356,406,257,089	100.00	–	356,406,257,089	100.00

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

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

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

### Details of Securities Issuance and Listing

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

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

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

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

### Number of Shareholders and Particulars of Shareholding

As at the end of the reporting period, the Bank had a total number of 734,420 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights, including 110,635 holders of H shares and 623,785 holders of A shares. As at the end of the month immediately before the annual results announcement date (28 February 2023), the Bank had a total number of 752,712 ordinary shareholders and no holders of preference shares with voting rights restored or holders of shares with special voting rights.

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

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

Unit: Share

Name of shareholder	Nature of shareholder	Class of shares	Increase/ decrease of shares during the reporting period	Number of shares held at the end of reporting period	Shareholding percentage (%)	Number of pledged/ locked-up/ marked shares
Huijin	State-owned	A Share	–	123,717,852,951	34.71	None
MOF	State-owned	A Share	–	110,984,806,678	31.14	None
HKSCC Nominees Limited <sup>(5)</sup>	Foreign legal person	H Share	-8,788,188	86,145,336,361	24.17	Unknown
SSF <sup>(6)</sup>	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 <sup>(7)</sup>	Foreign legal person	A Share	513,627,255	1,900,078,921	0.53	None
Central Huijin Asset Management Co., Ltd.	State-owned legal person	A Share	–	1,013,921,700	0.28	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other entities	A Share	541,168,980	977,079,865	0.27	None
Taiping Life Insurance Co., Ltd.	State-owned legal person	A Share	370,944,126	538,741,372	0.15	None
ICBC — SSE 50 Exchange Traded Securities Investment Funds <sup>(8)</sup>	Other entities	A Share	917,700	300,225,253	0.08	None

Notes: (1) The above data are based on the Bank's register of shareholders as at 31 December 2022.

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

(3) HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Central Huijin Asset Management Co., Ltd. is a wholly-owned subsidiary of Huijin. Save as disclosed above, the Bank is not aware of any connected relations or concert party action 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) 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 2022, which included H shares of the Bank held by China Taiping Insurance Group Ltd. and its persons acting in concert, SSF, Ping An Asset Management Co., Ltd. and Temasek Holdings (Private) Limited.

(6) According to the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds (Cai Zi [2019] No. 49), MOF transferred 12,331,645,186 A shares to the state-owned capital transfer account of SSF in a lump sum in December 2019. According to the relevant requirements under the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares. At the end of the reporting period, according to the information provided by SSF to the Bank, SSF also held 8,053,958,573 H shares of the Bank and 20,385,603,759 A and H shares in aggregate, accounting for 5.72% of the Bank's total ordinary shares.

(7) 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 2022.

(8) "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.

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

### Particulars of Substantial Shareholders

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

### Controlling Shareholders

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

As at 31 December 2022, Huijin held approximately 34.71% shares of the Bank. It held shares directly in the institutions listed below:

No.	Company name	Huijin's shareholding percentage
1	China Development Bank Corporation	34.68%
2	Industrial and Commercial Bank of China (A; H)	34.71%
3	Agricultural Bank of China Limited (A; H)	40.03%
4	Bank of China Limited (A; H)	64.02%
5	China Construction Bank Corporation (A; H)	57.11%
6	China Everbright Group Ltd.	63.16%
7	China Export & Credit Insurance Corporation	73.63%
8	China Reinsurance (Group) Corporation (H)	71.56%
9	China Jianyin Investment Limited	100.00%
10	China Galaxy Financial Holdings Company Limited	69.07%
11	Shenwan Hongyuan Group Co., Ltd. (A; H)	20.05%
12	New China Life Insurance Company Limited (A; H)	31.34%
13	China International Capital Corporation Limited (A; H)	40.11%
14	Hengfeng Bank Co., Ltd.	53.95%
15	Bank of Hunan Corporation Limited	20.00%
16	Jiantou CITIC Asset Management Co., Ltd. (A; H)	30.76%
17	China Galaxy Asset Management Co., Ltd.	13.30%
18	Guotai Junan Investment Management Co., Ltd.	14.54%

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

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

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

The second single largest shareholder of the Bank is MOF, which held approximately 31.14% shares of the Bank as at 31 December 2022. MOF is a department under the State Council, and is responsible for overseeing the State's fiscal revenue and expenditure, formulating the fiscal and taxation policies, and supervising State finance at a macro level.

### Particulars of Other Substantial Shareholders

SSF. SSF owned 5.72% of the shares of the Bank as at 31 December 2022. Founded in August 2000, SSF is a public service institution administered by MOF, having its address at South Tower, Building 11, Fenghuiyuan Fenghui Times Building, Xicheng District, Beijing, China, and its legal representative being Liu Wei. With the approval of the State Council and pursuant to regulations of MOF and the Ministry of Human Resources and Social Security, SSF has been entrusted to manage the following funds: the National Social Security Fund, the subsidy from central government to individual accounts, part of the surplus of the enterprise employee's basic pension insurance, basic pension insurance fund and the partial state-owned capital transferred.

### Particulars of the De Facto Controller

None.

## Interests and Short Positions Held by Substantial Shareholders and Other Persons

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

As at 31 December 2022, 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 <sup>(2)</sup> (%)	Percentage of total ordinary shares <sup>(2)</sup> (%)
Huijin <sup>(1)</sup>	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 2022, Huijin held 123,717,852,951 shares in the Bank, while Central Huijin Asset Management Co., Ltd., a subsidiary of Huijin, held 1,013,921,700 shares in the Bank.

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



## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

### HOLDERS OF H SHARES

Name of substantial shareholder	Capacity	Number of H shares held (share)	Nature of interests	Percentage of H shares <sup>(4)</sup> (%)	Percentage of total ordinary shares <sup>(4)</sup> (%)
Ping An Asset Management Co., Ltd. <sup>(1)</sup>	Investment manager	12,168,809,000	Long position	14.02	3.41
SSF <sup>(2)</sup>	Beneficial owner	8,663,703,234	Long position	9.98	2.43
Temasek Holdings (Private) Limited	Interest of controlled corporations	7,317,475,731	Long position	8.43	2.05
Taiping Asset Management Co., Ltd. <sup>(3)</sup>	Investment manager	4,415,314,000	Long position	5.09	1.24

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 2022 (the date of relevant event being 12 June 2019). Both Ping An Life Insurance Company of China, Ltd. and Ping An Asset Management Co., Ltd. are subsidiaries of Ping An Insurance (Group) Company of China, Ltd. As Ping An Asset Management Co., Ltd. is in a position to fully exercise the voting rights in respect of such shares on behalf of customers and independently exercise the rights of investment and business management in its capacity as investment manager, and is completely independent from Ping An Insurance (Group) Company of China, Ltd., Ping An Insurance (Group) Company of China, Ltd. is exempted from aggregating the interests in such shares as a holding company under the aggregation exemption and disclosing the holding of the same in accordance with the Securities and Futures Ordinance of Hong Kong.

(2) According to the information provided by SSF to the Bank, SSF held 8,053,958,573 H shares of the Bank as at the end of the reporting period, accounting for 9.28% of the Bank's H shares and 2.26% of the Bank's total ordinary shares.

(3) According to the declaration of interests filed by China Taiping Insurance Group Ltd. and its subsidiaries, Taiping Asset Management Co., Ltd., in the capacity of an investment manager, held 4,415,314,000 H shares of the Bank, including 4,360,174,000 H shares of the Bank held by Taiping Life Insurance Co., Ltd. as beneficial owner (disclosed on 25 November 2022). China Taiping Insurance Group Ltd. and China Taiping Insurance Holdings Company Limited, as holding groups of Taiping Life Insurance Co., Ltd., indirectly held 4,405,157,000 H shares of the Bank (disclosed on 22 November 2022).

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

## Preference Shares

### Issuance and Listing of Preference Shares in Latest Three Years

#### Issuance of offshore preference shares

With the approval of CBIRC by its Document Yin Bao Jian Fu [2020] No. 138 and the approval of CSRC by its Document Zheng Jian Xu Ke [2020] No. 1391, the Bank made a non-public issuance of 145 million USD-denominated non-cumulative perpetual offshore preference shares (the "Offshore USD Preference Shares") on 23 September 2020 at an issuance price of USD20 per share (see the table below for details). The Offshore USD Preference Shares were listed on the SEHK on 24 September 2020. All proceeds from the issuance, after deduction of commission and issuance expenses, were used to replenish additional tier 1 capital and increase capital adequacy ratio.

Type of offshore preference shares	Stock code	Dividend rate	Total issuance amount	Full amount of proceeds per share	Net amount of proceeds per share	Number of shares issued
USD Preference Shares	4620	3.58%	USD2.9 billion	USD20	RMB135.77	145 million shares

The number of qualified places for the Offshore USD Preference Shares shall not be less than six, and they shall be offered only to professional investors instead of retail investors, and shall be non-publicly transferred in the OTC market only.

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

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

### Reset dividend rate of “工行優1”

Pursuant to relevant provisions of the Prospectus on Non-public Offering of Preference Shares of Industrial and Commercial Bank of China Limited, domestic preference shares non-publicly offered by the Bank in November 2015 (abbreviation “工行優1” and code “360011”) were priced at a coupon dividend rate adjusted in stages, with the coupon dividend rate being the benchmark interest rate plus a fixed spread. The coupon dividend rate for the first five years remained unchanged from the date of issuance, and subsequently the benchmark interest rate will be reset every five years, and the nominal dividend rate during each reset period will remain unchanged. In November 2020, the Bank reset the nominal dividend rate of “工行優1” as it lasted five years from the issuance date, and the coupon dividend rate after reset became 4.58% from 23 November 2020.

For details on the reset dividend rate of domestic preference shares of the Bank, please refer to the announcements published by the Bank on the website of SSE, the “HKEXnews” website of HKEX and the website of the Bank.

### 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 34 domestic preference shareholders of “工行優2”. As at the end of the month immediately before the annual results announcement date (28 February 2023), the Bank had one offshore preference shareholder (or proxy), 27 domestic preference shareholders of “工行優1” and 35 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 2022.

(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 concert party action between the afore-mentioned 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.

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

### 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
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	18,000,000	4.0	–	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	1,710,000	13,110,000	2.9	–	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 2022.

(2) China National Tobacco Corporation Shandong Branch and China National Tobacco Corporation Heilongjiang Branch are both wholly-owned subsidiaries of China National Tobacco Corporation. “China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu” is managed by China Life Insurance Company Limited. 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 concert party action 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
BOC International (China) Co., Ltd.	State-owned legal person	Domestic preference shares	–	70,000,000	10.0	–	None
CCB Trust Co., Ltd.	State-owned legal person	Domestic preference shares	-6,000,000	64,000,000	9.1	–	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
Shanghai Tobacco Group Co., Ltd.	Other entities	Domestic preference shares	–	30,000,000	4.3	–	None
Bank of Beijing Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	-4,400,000	15,600,000	2.2	–	None
BOCOM Schroders Asset Management Co., Ltd.	Domestic non-state-owned legal person	Domestic preference shares	–	15,000,000	2.1	–	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

## Details of Changes in Share Capital and Shareholding of Substantial Shareholders

- 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 2022.
- (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. "China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu" is managed by China Life Insurance Company Limited. 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 concert party action 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 2022, permitting the Bank to distribute the dividends on domestic preference shares "工行優2" on 26 September 2022 and on the offshore USD preference shares on 23 September 2022; 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 28 October 2022, permitting the Bank to distribute the dividends on domestic preference shares "工行優1" on 23 November 2022.

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 USD115.3 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 latest three years:

Type of preference shares	2022		2021		2020	
	Dividend rate	Dividend distributed <sup>(1)</sup>	Dividend rate	Dividend distributed <sup>(1)</sup>	Dividend rate	Dividend distributed <sup>(1)</sup>
Domestic preference share "工行優1"	4.58%	RMB2,061 million	4.58%	RMB2,061 million	4.50%	RMB2,025 million
Domestic preference share "工行優2"	4.20%	RMB2,940 million	4.20%	RMB2,940 million	4.20%	RMB2,940 million
Offshore EUR preference shares <sup>(2)</sup>	N/A	N/A	6.00%	EUR40 million	6.00%	EUR40 million
Offshore USD preference share <sup>(3)</sup>	3.58%	About USD115.3 million	3.58%	About USD115.3 million	N/A	N/A

- 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.

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## **Details of Changes in Share Capital and Shareholding of Substantial Shareholders**

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

### **Redemption or Conversion of Preference Shares**

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

### **Restoration of Voting Rights of Preference Shares**

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

### **Accounting Policy Adopted for Preference Shares and Rationale**

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

## Directors, Supervisors and Senior Management

### Basic Information on Directors, Supervisors and Senior Management

Name	Position	Gender	Birth year	Tenure
Chen Siqing	Chairman, Executive Director	Male	1960	Since May 2019
Liao Lin	Vice Chairman, Executive Director, President	Male	1966	Since July 2020
Zheng Guoyu	Executive Director, Senior Executive Vice President	Male	1967	Since December 2021
Wang Jingwu	Executive Director, Senior Executive Vice President, Chief Risk Officer	Male	1966	Since September 2021
Lu Yongzhen	Non-executive Director	Male	1967	Since August 2019
Feng Weidong	Non-executive Director	Male	1964	Since January 2020
Cao Liqun	Non-executive Director	Female	1971	Since January 2020
Chen Yifang	Non-executive Director	Female	1964	Since August 2021
Dong Yang	Non-executive Director	Male	1966	Since January 2022
Anthony Francis Neoh	Independent Non-executive Director	Male	1946	Since April 2015
Yang Siu Shun	Independent Non-executive Director	Male	1955	Since April 2016
Shen Si	Independent Non-executive Director	Male	1953	Since March 2017
Fred Zuli Hu	Independent Non-executive Director	Male	1963	Since April 2019
Norman Chan Tak Lam	Independent Non-executive Director	Male	1954	Since September 2022
Huang Li	Employee Supervisor	Male	1964	Since June 2016
Zhang Jie	External Supervisor	Male	1965	Since November 2021
Liu Lanbiao	External Supervisor	Male	1966	Since June 2022
Zhang Wenwu	Senior Executive Vice President	Male	1973	Since July 2020
Zhang Weiwu	Senior Executive Vice President	Male	1975	Since June 2021
Duan Hongtao	Senior Executive Vice President	Male	1969	Since March 2023
Guan Xueqing	Board Secretary	Male	1963	Since July 2016
Xiong Yan	Chief Business Officer	Female	1964	Since April 2020
Song Jianhua	Chief Business Officer	Male	1965	Since April 2020
<b>Directors, Supervisors and Senior Management Leaving Office</b>				
Huang Liangbo	Chairman of the Board of Supervisors	Male	1964	July 2021-September 2022
Zheng Fuqing	Non-executive Director	Male	1963	February 2015-January 2022
Nout Wellink	Independent Non-executive Director	Male	1943	December 2018-March 2022
Zhang Wei	Shareholder Supervisor	Male	1962	June 2016-April 2022
Wu Xiangjiang	Employee Supervisor	Male	1962	September 2020-January 2023
Shen Bingxi	External Supervisor	Male	1952	June 2016-June 2022
Xu Shouben	Senior Executive Vice President	Male	1969	October 2020-August 2022
Wang Bairong	Chief Business Officer	Male	1962	April 2020-December 2022

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

(2) The terms of Mr. Liao Lin, Mr. Zheng Guoyu and Mr. Wang Jingwu as Executive Directors of the Bank are set out in the above table. Please refer to the section headed "Biographies of Directors, Supervisors and Senior Management" for the starting time of their terms as Senior Management members of the Bank.

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

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

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

(6) The full name of Mr. Nout Wellink is Arnout Henricus Elisabeth Maria Wellink.



### Biographies of Directors, Supervisors and Senior Management

#### **Chen Siqing, Chairman, Executive Director**

Mr. Chen has served as Chairman and Executive Director of the Bank since May 2019. He joined Bank of China in 1990. Mr. Chen Siqing previously worked in the Hunan Branch of Bank of China before he was dispatched to the Hong Kong Branch of China and South Sea Bank Ltd. as Assistant General Manager. Mr. Chen held various positions in Bank of China, including Assistant General Manager and Vice General Manager of the Fujian Branch, General Manager of the Risk Management Department of the Head Office, General Manager of the Guangdong Branch, Executive Vice President, President, Vice Chairman and Chairman of Bank of China. Mr. Chen served concurrently as Chairman of the Board of Directors of BOC Aviation Limited, Non-executive Director, Vice Chairman and Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited. Mr. Chen graduated from Hubei Institute of Finance and Economics, and obtained a Master's degree in Business Administration (MBA) from Murdoch University, Australia. He is a Certified Public Accountant and a senior economist.

#### **Liao Lin, Vice Chairman, Executive Director, President**

Mr. Liao has served as Vice Chairman, Executive Director and President of the Bank since March 2021, Executive Director of the Bank since July 2020, and Senior Executive Vice President, Senior Executive Vice President and concurrently Chief Risk Officer since November 2019. Mr. Liao joined China Construction Bank in 1989, and was appointed as Deputy General Manager of Guangxi Branch of China Construction Bank, General Manager of Ningxia Branch, Hubei Branch and Beijing Branch of China Construction Bank, Chief Risk Officer, Executive Vice President and concurrently Chief Risk Officer of China Construction Bank. Mr. Liao graduated from Guangxi Agricultural University. He obtained a Doctorate degree in Management Science from Southwest Jiaotong University. Mr. Liao is a senior economist.

#### **Zheng Guoyu, Executive Director, Senior Executive Vice President**

Mr. Zheng has served as Executive Director and Senior Executive Vice President of the Bank since December 2021 and as Senior Executive Vice President of the Bank since September 2021. He joined Bank of China since November 1988. He was appointed as Assistant to General Manager and Deputy General Manager of Hubei Branch, General Manager of Shanxi Branch, General Manager of Sichuan Branch, Member of Executive Committee of Bank of China, and Executive Vice President of Bank of China. Mr. Zheng graduated from Wuhan Institute of Water Transportation Engineering and obtained a Master's degree in Business Administration from Huazhong University of Science and Technology. He is a senior economist.

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

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

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## Directors, Supervisors and Senior Management

### Lu Yongzhen, Non-executive Director

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

### Feng Weidong, Non-executive Director

Mr. Feng has served as Non-executive Director of the Bank since January 2020. He joined MOF in 1986. He previously served as Deputy Director of Academic Affairs Division of Chinese Accounting Correspondence School of MOF (deputy division chief level), Person in charge of Teaching Material Department of National Accountant Certification Examination Leading Group Office, Director of Accounting Personnel Management Division and Director of Institutional System Division I of Accounting Department of MOF, Deputy Director (deputy director-general level), Deputy Director (person in charge), Director (director-general level), Secretary of the Party Committee and Director of National Accountant Assessment & Certification Centre of MOF, and member of the Accounting Conceptual Framework Committee of the International Public Sector Accounting Standards Board (IPSASB). He concurrently serves as a Managing Director of the 8<sup>th</sup> Council of the Accounting Society of China, a part-time professor and off-campus practice tutor for postgraduate students of the School of Economics and Management of Beijing Jiaotong University, and a visiting tutor for postgraduate students in the Accounting School of the Central University of Finance and Economics. Mr. Feng obtained a Bachelor's degree in Economics from Dongbei University of Finance & Economics and Doctorate degree from Beijing Jiaotong University. Mr. Feng Weidong is a senior accountant, researcher, non-practicing certified public accountant and is a recipient of the Special Government Allowance by the State Council of China.

### Cao Liquan, Non-executive Director

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

**Chen Yifang, Non-executive Director**

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

**Dong Yang, Non-executive Director**

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

**Anthony Francis Neoh, Independent Non-executive Director**

Mr. Neoh has served as Independent Non-executive Director of the Bank since April 2015. He previously served as Chief Advisor to CSRC, a member of the International Consultation Committee of CSRC, a member of the Basic Law Committee of the Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress of People's Republic of China, and Chairman of the Hong Kong Securities and Futures Commission. He was Chairman of the Technical Committee of the International Organization of Securities Commissions, Chairman of Hong Kong Independent Police Complaints Council, a Non-executive Director of Global Digital Creations Holdings Limited. He was an Independent Non-executive Director of Link Management Limited, which is the Manager of Link Real Estate Investment Trust. He was also an Independent Non-executive Director of China Shenhua Energy Company Limited, Bank of China Limited, China Life Insurance Company Limited and New China Life Insurance Company Ltd. Mr. Neoh currently serves as an Independent Non-executive Director of CITIC Limited, Treasurer and Member of Council of The Chinese University of Hong Kong and Chairman of the Asian Academy of International Law. He graduated from the University of London with a Bachelor's degree in Law. He is Honorary Doctorate of Law of Chinese University of Hong Kong and Open University of Hong Kong and Honorary Doctorate of Social Sciences of Lingnan University. He was elected Honorary Fellow of the Hong Kong Securities Institute, Fellow of the Hong Kong Academy of Finance and Academician of the International Euro-Asian Academy of Sciences. Mr. Neoh was appointed as Senior Counsel in Hong Kong. He is a barrister of England and Wales. He was admitted to the State Bar of California.

### Yang Siu Shun, Independent Non-executive Director

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

### Shen Si, Independent Non-executive Director

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

### Fred Zuli Hu, Independent Non-executive Director

Mr. Hu has served as Independent Non-executive Director of the Bank since April 2019. He previously served as a senior economist at the International Monetary Fund, Head of Research at the World Economic Forum, the chairman for Greater China and a partner at Goldman Sachs Group, Inc., an independent non-executive director of Great Wall Pan Asia Holdings Limited (formerly known as SCMP Group Limited), an independent non-executive director of Hang Seng Bank Limited, the non-executive director of China Asset Management Co., Ltd., an independent director of Dalian Wanda Commercial Management Group Co., Ltd., an independent director of Shanghai Pudong Development Bank, the independent non-executive director of Hong Kong Exchanges and Clearing Limited and the independent non-executive director of Ant Group Co., Ltd., etc. Mr. Hu currently serves in various positions such as the chairman of Primavera Capital Group, the non-executive chairman of Yum China Holdings, Inc, the director of UBS Group AG, the co-chair of The Nature Conservancy's Asia Pacific Council and the director of the China Medical Board. Mr. Hu is also a member of the Global Board of Advisors for the Council on Foreign Relations, the 21<sup>st</sup> Century Council of the Berggruen Institute, the Harvard Global Advisory Council, the Harvard Kennedy School Mossavar-Rahmani Center for Business and Government, the Stanford Center for International Development, and the Jerome A. Chazen Institute of International Business at Columbia University etc. He concurrently serves as the co-director of the National Center for Economic Research and a professor at Tsinghua University, and he is also an adjunct professor at the Chinese University of Hong Kong and Peking University. Mr. Hu obtained a Master's Degree in Engineering Science from Tsinghua University, and a master's degree and a PhD in Economics from Harvard University.

### Norman Chan Tak Lam, Independent Non-executive Director

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

### Huang Li, Employee Supervisor

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

### Zhang Jie, External Supervisor

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

### Liu Lanbiao, External Supervisor

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

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## Directors, Supervisors and Senior Management

### Zhang Wenwu, Senior Executive Vice President

Mr. Zhang has served as Senior Executive Vice President of the Bank since July 2020. He joined ICBC in 1995, and was appointed as Deputy General Manager of the Finance & Accounting Department of the Head Office, Deputy Head of Liaoning Branch, Executive Director and Chief Financial Officer of ICBC-AXA Assurance Co., Ltd., Director of the Board of Supervisors' Office of the Head Office, and General Manager of the Finance & Accounting Department of the Head Office. Mr. Zhang graduated from the University of International Business and Economics, and he obtained a Doctor's degree in Management from Renmin University of China. He is a senior accountant.

### Zhang Weiwu, Senior Executive Vice President

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

### Duan Hongtao, Senior Executive Vice President

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

### Guan Xueqing, Board Secretary

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

### Xiong Yan, Chief Business Officer

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



### Song Jianhua, Chief Business Officer

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

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

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

## Appointment and Removal

### Directors

At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Dong Yang was elected as Non-executive Director of the Bank, and his qualification was approved by CBIRC in January 2022. At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Chen Siqing was re-elected as Executive Director of the Bank, and his new term of office started from the date of review and approval by the Annual General Meeting; Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank, and his qualification was approved by CBIRC in September 2022; Mr. Fred Zulu Hu was re-elected as Independent Non-executive Director of the Bank, and his new term of office started from the date of review and approval by the Annual General Meeting. At the First Extraordinary General Meeting of 2022 held on 25 November 2022, Mr. Lu Yongzhen was re-elected as Non-executive Director of the Bank, and his new term of office started from the date of review and approval by the Shareholders' General Meeting. On 23 February 2023, the Board of Directors of the Bank nominated Mr. Feng Weidong and Ms. Cao Liqun as the candidates to be re-elected as Non-executive Directors of the Bank, and agreed that they would consecutively hold relevant posts at special committees of the Board of Directors of the Bank after their re-election as Non-executive Directors is approved by the Shareholders' General Meeting of the Bank. The appointment of Mr. Feng Weidong and Ms. Cao Liqun as Non-executive Directors of the Bank shall be submitted to the Shareholders' General Meeting of the Bank for deliberation and voting, and their new terms of office shall start from the date of review and approval by the Shareholders' General Meeting.

In January 2022, Mr. Zheng Fuqing ceased to act as Non-executive Director of the Bank due to expiration of his term of office. In March 2022, Mr. Nout Wellink ceased to act as Independent Non-executive Director of the Bank due to expiration of his term of office.

### Supervisors

At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Liu Lanbiao was elected as External Supervisor of the Bank, and his term of office as External Supervisor of the Bank started from the date of review and approval by the Annual General Meeting.

In April 2022, Mr. Zhang Wei ceased to act as Shareholder Supervisor of the Bank due to his age. In June 2022, Mr. Shen Bingxi ceased to act as External Supervisor of the Bank due to expiration of his term of office. In September 2022, Mr. Huang Liangbo ceased to act as Shareholder Supervisor and Chairman of the Board of Supervisors of the Bank due to change of job assignments. In January 2023, Mr. Wu Xiangjiang ceased to act as Employee Supervisor of the Bank due to his age.

## Directors, Supervisors and Senior Management

### Senior Management Members

On 17 January 2023, the Board of Directors of the Bank appointed Mr. Duan Hongtao as Senior Executive Vice President of the Bank, and his qualification was approved by CBIRC in March 2023.

In August 2022, Mr. Xu Shouben ceased to act as Senior Executive Vice President of the Bank due to change of job assignments. In December 2022, Mr. Wang Bairong ceased to act as Chief Business Officer of the Bank due to his age.

### Annual Remuneration

Unit: RMB10,000

Name	Remuneration from the Bank					Obtain remuneration from shareholder entities or other related parties or not
	Remuneration paid (before tax) (1)	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances (2)	Fees (3)	Other monetary income (4)	Total remuneration before tax (5)=(1)+(2)+(3)+(4)	
Chen Siqing	65.63	21.14	–	–	86.77	No
Liao Lin	65.63	21.14	–	–	86.77	No
Zheng Guoyu	59.07	20.44	–	–	79.51	No
Wang Jingwu	59.07	20.44	–	–	79.51	No
Lu Yongzhen	–	–	–	–	–	Yes
Feng Weidong	–	–	–	–	–	Yes
Cao Liqun	–	–	–	–	–	Yes
Chen Yifang	–	–	–	–	–	Yes
Dong Yang	–	–	–	–	–	Yes
Anthony Francis Neoh	–	–	52.00	–	52.00	Yes
Yang Siu Shun	–	–	47.00	–	47.00	Yes
Shen Si	–	–	48.50	–	48.50	No
Fred Zuli Hu	–	–	43.25	–	43.25	Yes
Norman Chan Tak Lam	–	–	14.00	–	14.00	No
Huang Li	–	–	5.00	–	5.00	No
Zhang Jie	–	–	25.00	–	25.00	No
Liu Lanbiao	–	–	12.99	–	12.99	Yes
Zhang Wenwu	59.07	20.44	–	–	79.51	No
Zhang Weiwu	59.07	20.44	–	–	79.51	No
Guan Xueqing	105.08	31.47	–	–	136.55	No
Xiong Yan	99.81	30.46	–	–	130.27	No
Song Jianhua	99.81	29.86	–	–	129.67	No
<b>Directors, Supervisors and Senior Management Leaving Office</b>						
Huang Liangbo	43.76	13.75	–	–	57.51	No
Zheng Fuqing	–	–	–	–	–	Yes
Nout Wellink	–	–	11.75	–	11.75	No
Zhang Wei	32.47	8.58	–	–	41.05	No
Wu Xiangjiang	–	–	5.00	–	5.00	No
Shen Bingxi	–	–	–	–	–	No
Xu Shouben	34.45	11.51	–	–	45.96	No
Wang Bairong	105.08	27.26	–	–	132.34	No

## Directors, Supervisors and Senior Management

- Notes:
- (1) Since January 2015, the remuneration to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other executives of the Bank has followed the State's policies relating to the remuneration reform on executives of central enterprises.
  - (2) During the reporting period, the total remuneration amount paid to Directors, Supervisors and Senior Management members was RMB14,294.2 thousand. According to the requirements of relevant government authorities, the total final remuneration payable to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors, Shareholder Supervisors and other Senior Management members is still subject to final confirmation by relevant government authorities. Additional details of remuneration will be disclosed when they have been determined.
  - (3) In accordance with applicable national regulations, the incentive income for 2018-2020 was paid to the Chairman, the President and Senior Executive Vice President of the Bank in 2021 based on their specific tenure and performance appraisal results. Accordingly, the Bank accrued RMB16 thousand, RMB9.4 thousand, RMB6.5 thousand, RMB5 thousand and RMB3.6 thousand for Mr. Chen Siqing, Mr. Liao Lin, Mr. Wang Jingwu, Mr. Zhang Wenwu and Mr. Xu Shouben respectively, as additional contribution to the Annuity Plan in 2022.
  - (4) According to relevant rules of the Bank, Senior Management members of the Head Office and employees in positions that have a significant influence on the risks of the Head Office, including Chairman, Vice Chairman, Executive Director, President, Chairman of the Board of Supervisors and Senior Executive Vice President of the Head Office, Senior Management members such as Chief Business Officer, Board Secretary and tier-1 approver. During the reporting period, the Bank's tier-1 approvers were assumed by Mr. Zheng Guoyu, Mr. Wang Jingwu, Mr. Zhang Wenwu, Mr. Zhang Weiwu, Ms. Xiong Yan and Mr. Xu Shouben concurrently. As at the disclosure date, the Senior Management members of the Head Office and the employees in positions that have a significant influence on the risks of the Head Office had not been involved in the circumstances that require the recourse and rebate of performance-based remuneration in 2022.
  - (5) During the reporting period, Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liqun, Ms. Chen Yifang, Mr. Dong Yang and Mr. Zheng Fuqing did not obtain remuneration from the Bank during their tenure as directors of the Bank.
  - (6) Fees of Mr. Huang Li and Mr. Wu Xiangjiang are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system. Mr. Shen Bingxi has not obtained any allowances from the Bank since June 2016 in accordance with the regulations of relevant government authorities.
  - (7) As the Bank's Independent Non-executive Directors and External Supervisors served as directors or senior management of other legal persons or organizations other than the Bank or the controlled subsidiaries of the Bank, such legal persons or organizations became related parties of the Bank. During the reporting period, some Independent Non-executive Directors and External Supervisors obtained remuneration from such related parties. Except to the extent of the afore-mentioned circumstances, none of the Bank's Directors, Supervisors and Senior Management was paid by the Bank's related parties during the reporting period.
  - (8) For the change of the Bank's Directors, Supervisors and Senior Management, please refer to the section headed "Appointment and Removal".

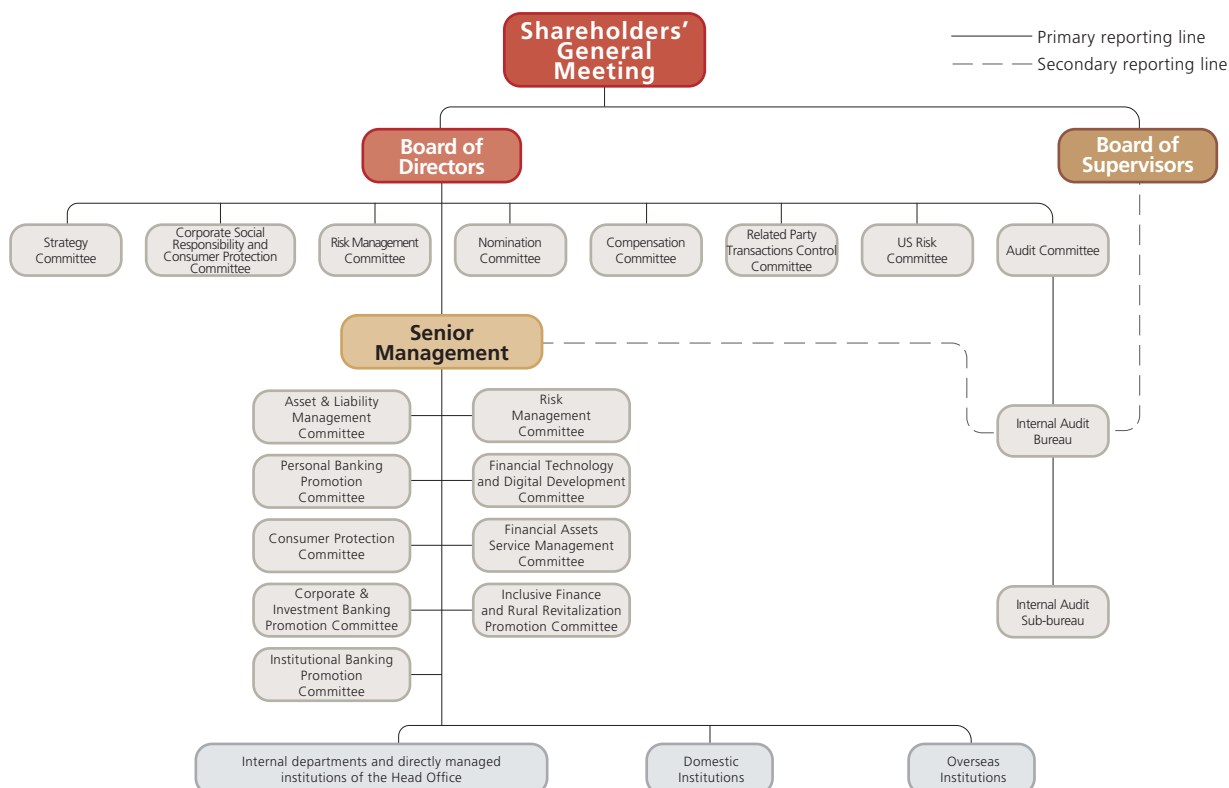
# Corporate Governance Report

## Overview of Corporate Governance

During the reporting period, the Bank continued to refine the modern corporate governance framework, mechanism and culture. The Bank constantly developed the corporate governance structure which was led by the Bank's Party Committee with the Board of Directors acting as the decision-making organ, the Board of Supervisors responsible for compliance supervision, and the Management in charge of operation. The Bank strengthened the top-level design of corporate governance, revised and improved the Articles of Association, and continued to push forward the organic integration between the Party's leadership and corporate governance. The Bank deeply applied its institutional advantages to the construction of modern governance system, and constantly improved the governance efficiency and high-quality development capability. The Board of Directors adhered to the political and people-oriented nature of financial work, continued to improve corporate governance frameworks and strengthen strategic guidance and risk management. It formulated overall strategic development plans, completely, comprehensively and

accurately applied the new development philosophy, and served the new pattern of development, in an effort to drive the high-quality development on all fronts. The Board of Directors coordinated the implementation of the "Three Tasks" of financial work to continuously provide more adaptive, competitive and inclusive financial services and actively advanced towards the goal of turning ICBC into a world-class and modern financial enterprise with Chinese characteristics. The Board of Supervisors gave full play to its supervisory function. It focused on how the Board of Directors and the Senior Management implemented the important decisions and arrangements of the Party Central Committee and the State Council, national economic and financial policies and regulatory requirements, etc. The Board of Supervisors conducted sound supervision on duty performance, financial management, risk management, internal control and compliance and other aspects, putting its important role in corporate governance into good use. There is no material divergence between the actual corporate governance of the Bank, relevant laws and administrative regulations, and the corporate governance-related rules issued by CSRC.

## Corporate Governance Framework



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

### **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 14 to the Hong Kong Listing Rules).

With regard to the compliance with Article B.(f) of Part I of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules), Mr. Nout Wellink ceased to serve as Independent Non-executive Director of the Bank on 31 March 2022 due to expiration of his term of office. On 23 June 2022, Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank at the Annual General Meeting for the Year 2021, and his qualification was approved by CBIRC in September 2022. The Bank has met the aforesaid provisions.

### **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. Currently, the new version of the Articles of Association is being reviewed and approved by the CBIRC. Before the approval takes effect, the current Articles of Association of the Bank shall remain in force. For details, please refer to the circular issued by the Bank on 6 May 2022.

## **Shareholders' General Meeting**

### **Responsibilities of the Shareholders' General Meeting**

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

### **Convening of the Shareholders' General Meeting**

During the reporting period, the Bank convened the Annual General Meeting for the Year 2021 on 23 June 2022, and the First Extraordinary General Meeting of 2022 on 25 November 2022. The afore-mentioned Shareholders' General Meetings were convened and held in compliance with relevant laws and regulations and the Articles of Association of the Bank. The Bank made announcements on the resolutions and disclosed legal opinions in a timely manner in accordance with regulatory requirements. For details of the above meetings, please refer to the announcements of the Bank dated 23 June 2022 and 25 November 2022 respectively on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

### Board of Directors and Special Committees

#### Responsibilities of the Board of Directors

As the decision-making organ of the Bank, the Board of Directors of the Bank is accountable to, and shall report its work to, the Shareholders' General Meeting. The Board of Directors is responsible for, among others, convening the Shareholders' General Meeting; implementing the resolutions of the Shareholders' General Meeting; deciding on the business plans, investment proposals and development strategies of the Bank; formulating annual financial budget and final accounts of the Bank; formulating plans for profit distribution and loss recovery of the Bank; formulating plans for the increase or decrease of the Bank's registered capital, capital replenishment and financial restructuring of the Bank; formulating basic management systems of the Bank such as risk management system and internal control system, and supervising the implementation of such systems; appointing or removing President and the Board Secretary, and appointing or removing Senior Executive Vice Presidents and other senior management members (except the Board Secretary) who shall be appointed or removed by the Board of Directors under relevant laws according to the nomination of the President and deciding on their compensation, bonus and penalty matters; deciding on or authorizing the President to decide on the establishment of relevant offices of the Bank; regularly evaluating and improving corporate governance of the Bank; managing information disclosure of the Bank; and supervising and ensuring the President and other Senior Management members to perform their management duties effectively.

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

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

#### Composition of the Board of Directors

The Bank formulated relatively complete procedures for selecting, nominating and electing Directors. With diversified backgrounds, the Directors of the Bank complemented each other with regard to their expertise, professional competence, professional experience, region, gender and many other aspects, which ensured scientific decision-making of the Board of Directors. As at the disclosure date of the results, the Board of Directors of the Bank consisted of 14 directors, including four Executive Directors: Mr. Chen Siqing, Mr. Liao Lin, Mr. Zheng Guoyu and Mr. Wang Jingwu; five Non-executive Directors: Mr. Lu Yongzhen, Mr. Feng Weidong, Ms. Cao Liquan, Ms. Chen Yifang and Mr. Dong Yang; and five Independent Non-executive Directors: Mr. Anthony Francis Neoh, Mr. Yang Siu Shun, Mr. Shen Si, Mr. Fred Zulu Hu and Mr. Norman Chan Tak Lam. The Board of Directors has reviewed the implementation and effectiveness of its board diversity policy. The members of the Board of Directors have included two female directors, both of whom have contributed to the scientific and efficient decision-making of the Board of Directors by offering a unique female perspective. In the future, the Bank will take full account of the gender composition of candidates in the selection of Directors in accordance with relevant policies for the diversified backgrounds of Directors, in order to further improve the gender diversity of members of the Board of Directors.

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

## **Chairman and President**

Pursuant to Code Provision C.2.1 of the Corporate Governance Code (Appendix 14 to the Hong Kong Listing Rules) and the Articles of Association of the Bank, the roles of Chairman and President should be held by two persons, and the Chairman shall not concurrently hold the position of legal representative or chief responsible officer of the controlling shareholder.

Chairman Mr. Chen Siqing is the legal representative of the Bank, and is responsible for leading the Board of Directors in considering and formulating business development strategies, risk management, internal control and other significant matters of the Bank.

President Mr. Liao Lin is responsible for the daily management of the business operations of the Bank. The President is appointed by and accountable to the Board of Directors, and performs his responsibilities as stipulated in the Articles of Association of the Bank and as authorized by the Board of Directors.

## **Meetings of the Board of Directors**

During the reporting period, the Board of Directors of the Bank held 10 meetings on 25 January, 25 February, 30 March, 29 April, 20 May, 23 June, 30 August, 23 September, 28 October and 20 December 2022, respectively. At these meetings, the Board of Directors considered 75 proposals, and heard 24 reports.

The Board of Directors made scientific decisions on, and reviewed and approved proposals such as development strategy plans for the 14<sup>th</sup> Five-Year Plan period and the annual inclusive finance business plan in accordance with economic and financial policies and major objectives, including strategic planning and development, preventing and controlling financial risks, serving the real economy, deepening inclusive finance, and supporting rural revitalization.

The Board of Directors attached great importance to the enterprise-wide risk management, continuously improved risk management systems, and prevented the systemic risk with all strength. It revised the Rules on Enterprise-wide Risk Management, reviewed and approved proposals including the 2021 Risk Report and Risk Appetite Assessment, the Liquidity Risk Management Strategy for 2022, the Management Report on Interest Rate Risk in the Banking Book of the Group for 2021 and the Management Strategy for 2022, and heard reports such as Report on Technology Risk Management in 2021.

The Board of Directors enhanced capital management and continued to meet the capital needs of supporting the real economy and the regulatory requirements on capital management. It reviewed and approved proposals on the 2021 Internal Capital Adequacy Assessment Report, the 2021 Capital Adequacy Ratio Report, issuing undated additional tier 1 capital bonds, etc.

The Board of Directors highly valued the fulfillment of social responsibility and endeavored to maximize the comprehensive value of economy, environment and society. It reviewed and approved proposals on the Application for Temporary Authorization Limit for External Donations, the Corporate Social Responsibility Report 2021, the 2022 Business Plan for Inclusive Finance, the 2021 Work Report on and 2022 Work Plan for Consumer Protection, etc.

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

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



## Corporate Governance Report

Attendances in person/Number of meetings that should be attended

Directors	Special Committees of the Board of Directors									
	Shareholders' General Meeting	Board of Directors	Strategy Committee	Corporate Social Responsibility and Consumer Protection Committee	Audit Committee	Risk Management Committee	Nomination Committee	Compensation Committee	Related Party Transactions	US Risk Committee
									Control Committee	
Executive Directors										
Chen Siqing	2/2	8/10	7/9	-	-	-	-	-	-	-
Liao Lin	2/2	10/10	9/9	5/5	-	-	5/5	-	-	-
Zheng Guoyu	2/2	9/10	8/9	5/5	-	7/7	-	-	-	-
Wang Jingwu	2/2	10/10	-	-	-	4/7	-	-	3/4	3/4
Non-executive Directors										
Lu Yongzhen	2/2	10/10	9/9	-	-	7/7	-	5/5	-	4/4
Feng Weidong	2/2	10/10	-	-	8/8	7/7	5/5	-	-	4/4
Cao Liqun	2/2	10/10	-	5/5	8/8	7/7	-	-	-	4/4
Chen Yifang	2/2	10/10	9/9	5/5	-	-	-	5/5	-	-
Dong Yang	2/2	10/10	9/9	-	-	7/7	-	-	-	4/4
Independent Non-executive Directors										
Anthony Francis Neoh	2/2	9/10	8/9	-	7/8	7/7	4/5	5/5	-	4/4
Yang Siu Shun	2/2	10/10	-	-	8/8	7/7	5/5	-	4/4	4/4
Shen Si	2/2	10/10	-	-	8/8	7/7	-	5/5	4/4	4/4
Fred Zuli Hu	2/2	9/10	8/9	-	6/8	-	5/5	3/4	-	-
Norman Chan Tak Lam	1/1	3/3	3/3	-	2/2	1/1	-	-	-	1/1
Directors Leaving Office										
Zheng Fuqing	0/0	0/0	0/0	-	-	0/0	-	-	-	0/0
Nout Wellink	-	2/3	1/2	2/2	2/4	-	-	1/1	0/1	-

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

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

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

## Special Committees of the Board of Directors

### Special Committees of the Board of Directors

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

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

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

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## Corporate Governance Report

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

<b>Strategy Committee</b>	<p><b>Primary Responsibilities of the Strategy Committee</b> The Strategy Committee is mainly responsible for considering the Bank's strategic development plan, risk events that bear material influence on the overall situation, business and institutional development plan, major investment and financing plan, annual social responsibility report and other major matters critical to the Bank's development, making recommendations to the Board of Directors, and examining and assessing the soundness of the corporate governance framework to ensure that financial reporting, risk management and internal control are compliant with corporate governance criteria of the Bank.</p> <p><b>Performance of the Strategy Committee</b> During the reporting period, the Strategy Committee held nine meetings on 25 January, 30 March, 29 April, 20 May, 23 June, 30 August, 23 September, 28 October and 20 December 2022, respectively. At these meetings, the Strategy Committee considered and approved 22 proposals, and heard four reports. To promote the coordination between bank-wide strategic planning and national strategies, the Strategy Committee considered and approved the Bank's strategic development plan for the 14<sup>th</sup> Five-Year Plan period. The Strategy Committee also paid close attention to strategic capital allocation, and reviewed and approved several proposals including the proposals on issuing undated additional tier 1 capital bonds and the 2021 capital adequacy ratio management report, providing a driving force for the Bank to promote sustainable development, enhance capital strength, and strengthen risk resistance capacity on all fronts.</p>
<b>Corporate Social Responsibility and Consumer Protection Committee</b>	<p><b>Primary Responsibilities of the Corporate Social Responsibility and Consumer Protection Committee</b> The Corporate Social Responsibility and Consumer Protection Committee is mainly responsible for considering the Bank's fulfillment of social responsibilities with respect to environment, society, corporate governance, precision poverty alleviation, and corporate culture, the strategy, policy and target of consumer protection, green finance strategy, the development plan, basic policy, annual operating plan and assessment method of inclusive finance, and making recommendations to the Board of Directors.</p> <p><b>Performance of the Corporate Social Responsibility and Consumer Protection Committee</b> During the reporting period, the Corporate Social Responsibility and Consumer Protection Committee held five meetings on 25 January, 25 February, 28 April, 29 August and 23 September 2022, respectively. At these meetings, the Corporate Social Responsibility and Consumer Protection Committee considered and approved four proposals and heard two reports. It actively urged the Bank to perform the social responsibilities, considered and approved the proposals on the application for temporary authorization limit for external donations, etc., providing continuous support for charity, culture, education and other public-interested activities. The committee focused on the development of green finance and inclusive finance, considered and approved the proposals on the 2022 annual business plan for inclusive finance, heard the reports on the financial services for rural revitalization and actively practiced China's sustainable development strategy and rural revitalization strategy. The committee focused on the consumer protection, and considered and approved the proposal on the consumer protection in 2021 and consumer protection plan for 2022.</p>
<b>Audit Committee</b>	<p><b>Primary Responsibilities of the Audit Committee</b> The Audit Committee is mainly responsible for constantly overseeing the Bank's internal control system, and supervising, inspecting and evaluating financial information and internal audit of the Bank, proposing the engagement or replacement of external auditors, reviewing the reports of external auditors, and coordinating the communication between the internal audit departments and external auditors, and assessing mechanisms for the Bank's staff to report misconducts in financial statements, internal control, etc., and assessing the mechanism for the Bank to conduct independent and fair investigations and take appropriate actions in relation to the reported matters.</p>

**Performance of the Audit Committee** During the reporting period, the Audit Committee held eight meetings on 25 January, 25 February, 29 March, 30 March, 28 April, 29 August, 23 September and 27 October 2022, respectively. At these meetings, the Audit Committee considered and approved 12 proposals, and heard 16 reports. The Audit Committee continued to oversee the Bank's internal control system, reviewed and approved the Bank's annual internal control assessment report, and heard reports on internal control audit results to improve the Group's compliant operation. It inspected and supervised the implementation of internal and external audits, considered and approved proposals on the internal audit plan, heard reports on the implementation of internal audits and the summary of external audit to promote the formation of an effective communication mechanism between internal and external audits.

- Reviewing periodic reports

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

During the preparation and audit of the 2022 financial statements, the Audit Committee discussed and agreed with the external auditors on matters such as audit schedule and progress arrangement, followed the status of external audit and conducted supervision over relevant work at appropriate time by means of hearing reports and holding informal discussions, and reviewed the unaudited and preliminarily audited annual financial statements respectively. The Audit Committee held a meeting on 29 March 2023, and considered that the 2022 financial statements truly, accurately and completely reflected the financial position of the Bank.

- Examining internal control system

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

The Board of Directors of the Bank is responsible for establishing, improving and effectively implementing internal control, assessing its effectiveness and truthfully disclosing internal control assessment reports according to the standard system for enterprise internal control. The objective of the internal control of the Bank is to reasonably assure the compliance of its operation and management with relevant laws, safety of its assets, as well as the authenticity and completeness of its financial reports and relevant information, in order to enhance operation efficiency and results, and to facilitate the realization of its development strategy. Due to inherent limitation of internal control, only reasonable assurance can be provided for the afore-mentioned objectives. The Board of Directors and the Audit Committee have reviewed and approved the 2022 Internal Control Assessment Report of the Bank. For details of the Bank's internal control, please refer to the section headed "Corporate Governance Report — Internal Control".

- Effectiveness of the internal audit function

The Bank has established a vertical and independent internal audit management system responsible and reporting to the Board of Directors. The Board of Directors regularly reviews the internal audit plan and hears internal audit reports on internal audit

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

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### Risk Management Committee

**Primary Responsibilities of the Risk Management Committee** The Risk Management Committee is primarily responsible for constantly overseeing the Bank’s risk management system, reviewing and revising the strategy, policy and procedures of risk management and internal control process of the Bank, and supervising and evaluating the performance of Senior Management members and risk management departments in respect of risk management.

**Performance of the Risk Management Committee** During the reporting period, the Risk Management Committee held seven meetings on 25 January, 25 February, 29 March, 28 April, 20 May, 29 August and 23 September 2022, respectively. At these meetings, the Risk Management Committee considered and approved 19 proposals, and heard two reports. The Risk Management Committee continuously supervised enterprise-wide risk management. It considered and approved proposals on the 2021 Risk Report and Risk Appetite Assessment, the Management Report on Interest Rate Risk in the Banking Book of the Group for 2021 and the 2022 Management Strategy, 2022 Liquidity Risk Management Strategy, and the 2021 Compliance Risk and AML Management Report of the Group and heard reports on technology risk management in 2021. It has become more foresighted in preventing and controlling financial risks and enhancing the risk management mechanism, in a bid to assist the Board of Directors in improving its risk management, prevention and control capabilities.

- Examining the risk management system

The Risk Management Committee is responsible for constantly monitoring and examining the risk management system of the Bank, and examining the effectiveness of the system at least on an annual basis. Under the enterprise-wide risk management system structure of the Bank, the Risk Management Committee performed its function of examining the Bank’s risk management system through reviewing and revising the risk strategy, risk management policy, risk appetite and the enterprise-wide risk management structure, monitoring and evaluating the setup, mode of organization, work procedures and results of risk management departments, regularly assessing the risk policy, risk appetite and enterprise-wide risk management status, supervising and assessing risk control activities conducted by the Senior Management members in terms of credit risk, market risk, operational risk, liquidity risk, compliance risk, reputational risk and interest rate risk in the banking book. For details of the risk management, please refer to the section headed “Discussion and Analysis — Risk Management”.

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**Nomination Committee**

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

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

**Performance of the Nomination Committee** During the reporting period, the Nomination Committee held five meetings on 25 February, 29 March, 28 April, 29 August and 23 September 2022, respectively. Through these meetings, the Nomination Committee considered and approved seven proposals including the proposals on the nomination of Mr. Chen Siqing as candidate for Executive Director of the Bank and extension of his tenure of relevant positions in the Board of Directors, the nomination of Mr. Norman Chan Tak Lam as candidate for Independent Director of the Bank, the nomination of Mr. Fred Zulu Hu as candidate for Independent Director of the Bank and extension of his tenure of relevant positions in the special committees of the Board of Directors, and the nomination of Mr. Lu Yongzhen as candidate for Non-executive Director of the Bank and extension of his tenure of relevant positions in the special committees of the Board of Directors, and heard the report on the framework of the Board of Directors in 2021. The Nomination Committee prudently assessed the organizational structure of the Bank's Board of Directors and its special committees, promoted the change of directors in an orderly manner and continuously improved and adjusted the composition of special committees of the Board of Directors.

**Compensation Committee**

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

**Performance of the Compensation Committee** During the reporting period, the Compensation Committee held five meetings on 25 February, 23 June, 29 August, 23 September and 27 October 2022, respectively. At these meetings, the Compensation Committee considered and approved eight proposals including the proposals on the payment of remuneration to Directors and Senior Management members for 2021, the Senior Management performance evaluation plan for 2022 and the renewal of directors, supervisors and officers liability insurance for 2022-2023, and heard the 2021 assessment report on the performance of duties of Directors by the Board of Directors. The Compensation Committee, in accordance with regulatory requirements, drafted the remuneration of directors, and improved the performance evaluation indicators and the incentive and constraint mechanism.

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### Related Party Transactions Control Committee

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

**Performance of the Related Party Transactions Control Committee** During the reporting period, the Related Party Transactions Control Committee held four meetings on 29 March, 29 August, 23 September and 20 December 2022, respectively. At these meetings, the Related Party Transactions Control Committee considered and approved five proposals including the proposal on identification of related parties of the Bank, and heard the special report on related parties and related party transactions in 2021. The Related Party Transactions Control Committee focused on reviewing the fairness and objectivity of related party transactions, urged the Bank to strengthen the management of related party transactions and inside transactions, and assisted the Board of Directors in ensuring the Bank's related party transactions are carried out in compliance with laws and regulations.

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### US Risk Committee

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

**Performance of the US Risk Committee** During the reporting period, the US Risk Committee held four meetings on 29 March, 23 June, 29 August and 20 December 2022, respectively. At these meetings, the US Risk Committee considered and approved two proposals, and heard 13 reports. It attached importance to and strengthened the compliance management of overseas institutions, reviewed and approved the proposals including the risk management framework and the annual audit of risk appetite in the US, and the liquidity stress testing, funding contingency plans, key business lines and product liquidity risks in the US, heard the reports on the risk management and liquidity risk management in the US in 2021, and assisted the Board of Directors in urging the Management to well perform in compliance and risk prevention and control in international operation.

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## Term of Directors

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

## Responsibilities of Directors in Respect of Financial Statements

The Directors of the Bank acknowledged that they are responsible for the preparation of the financial statements of the Bank. During the reporting period, in strict compliance with relevant provisions, the Bank published the 2021 Annual Report, the First Quarterly Report of 2022, the 2022 Interim Report and the Third Quarterly Report of 2022 as scheduled.

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

<b>External trainings</b>	<p>SSE: Follow-up training for independent directors of listed companies Initial training for directors, supervisors and senior management of listed companies</p> <p>China Association for Public Companies: "Duty Performance of Independent Directors of Listed Companies" Salon</p> <p>The Listed Companies Association of Beijing: Trainings themed laws and regulations and investor protection, capital market operation, ESG management of listed companies, prevention and identification of financial fraud, and analysis of annual report</p>
<b>Internal trainings</b>	<p>Anti-money Laundering training Series trainings on business lines Introductory trainings for newly-appointed directors</p>

## Training of Board Secretary

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

## Investigation and Training of Directors

During the reporting period, Directors of the Bank proactively conducted surveys on departments, branches and subsidiaries of the Bank concerning such topics as commercial banks serving the enterprises featuring "Specialization, Refinement, Differentiation and Innovation", developing green finance, supporting rural revitalization, refining capital replenishment mechanism, pushing forward the transformation of banking outlets and the operation and management of the Bank's branches and affiliates. In the form of survey reports, such investigations provide the Bank with constructive suggestions and opinions.

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

## Independence and Performance of Duties of Independent Non-executive Directors

The Bank conducted the appointment of Independent Non-executive Directors in strict accordance with the relevant regulatory rules, the Articles of Association of the Bank and other provisions. The qualifications, number and proportion of the Bank's Independent Non-executive Directors comply with regulatory requirements. The Bank's Independent Non-executive Directors do not have any business or financial interests in the Bank or its subsidiaries, and they have not assumed any managerial position in the Bank. The Bank has received the annual confirmation on independence from all Independent Non-executive Directors and considered that they were independent.

During the reporting period, Chairman Chen Siqing held discussions with the Bank's Independent Non-executive Directors, who provided suggestions with respect to the Bank's corporate governance and operation of the Board of Directors, etc. The Bank's Independent Non-executive Directors earnestly attended the meetings of the Board of Directors and special committees, gave independent opinions on the issues for consideration, and put forward opinions and suggestions in terms of improving the capacity of financial services in serving the real economy, reinforcing risk control and compliance management, speeding up FinTech innovation and promoting the high-quality development of overseas institutions, etc. They actively attended various meetings, symposia, forums and other activities in the Bank, actively exchanged ideas on deepening financial reform, formulating the Group's

strategic planning and promoting the implementation of these strategies, enhancing ESG management, facilitating digital development, etc., and put forward relevant comments and suggestions. The Bank paid close attention to the relevant comments and suggestions, and organized the implementation thereof according to the actual conditions.

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

For the details on performance of duties of Independent Non-executive Directors of the Bank during the reporting period, please refer to the Work Report of Independent Directors for 2022 issued by the Bank on 30 March 2023.

### Independent Non-executive Directors' Special Explanation and Independent Opinions on External Guarantees of the Bank

In accordance with relevant provisions and requirements of CSRC, we, in the capacity of Independent Non-executive Directors of the Bank, reviewed external guarantees of the Bank on the principles of fairness, impartiality and objectivity, and hereby give our specific explanation and opinions as follows: upon review, external guarantees provided by the Bank mainly focus on issuance of letters of guarantee or standby letters of credit, which is part of the ordinary banking services within the business scope of the Bank as approved by relevant regulatory authorities. As at 31 December 2022, the balance of letters of guarantee or standby letters of credit issued by the Bank totaled RMB557,419 million.

The Bank has attached great importance to the management of risks arising from such business, formulated strict rules on the credit ratings of the entities to which the guarantee was provided and on the operation process and duration management of provision of guarantee services, and carried out relevant business on such basis.

**Independent Non-executive Directors of Industrial and Commercial Bank of China Limited**

Anthony Francis Neoh, Yang Siu Shun, Shen Si, Fred Zulu Hu and Norman Chan Tak Lam

## Board of Supervisors

### Responsibilities of the Board of Supervisors

As the supervisory organ of the Bank, the Board of Supervisors is accountable to, and shall report its work to, the Shareholders' General Meeting. The Board of Supervisors is responsible for, among others, supervising the performance and due diligence of Directors and Senior Management members; supervising the performance of duties by the Board of Directors and the Senior Management; conducting exit audits on Directors and Senior Management members when necessary; inspecting and supervising financial activities of the Bank; examining financial information such as financial report, business report and profit distribution plan to be submitted to the Shareholders' General Meeting by the Board of Directors; inspecting and supervising the business decision-making, risk management and internal control of the Bank and guiding the internal audit department of the Bank; formulating performance evaluation measures of the Board of Directors and the Senior Management and their members as well as supervisors; evaluating the performance of the Board of Directors and the Senior Management and their members as well as supervisors, and reporting to the Shareholders' General Meeting for approval; presenting proposals to the Shareholders' General Meeting; proposing to convene an extraordinary

general meeting, and convening and presiding over the extraordinary general meeting in case the Board of Directors fails to perform its duty of convening Shareholders' General Meeting; proposing to convene an extraordinary meeting of the Board of Directors.

### Composition of the Board of Supervisors

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

### Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held six meetings, reviewed 19 proposals including the Report on the Work of the Board of Supervisors for 2021 and the Report on Performance Evaluation, heard 19 reports on the quarterly business operation, implementation of strategy planning, the Group's compliance risk and AML management and other contents, and reviewed 35 special reports including the reports on the supervision in each quarter of 2022 and relevant survey reports of the Board of Supervisors.

Attendance of supervisors of the Bank in meetings during the reporting period is as follows:

Attendances in person/Number of meetings that should be attended

Supervisor	Shareholders' General Meeting	Board of Supervisors
Huang Li	2/2	6/6
Zhang Jie	2/2	6/6
<b>Newly appointed Supervisor</b>		
Liu Lanbiao	2/2	3/3
<b>Supervisors Leaving Office</b>		
Huang Liangbo	1/1	3/4
Zhang Wei	0/0	2/2
Wu Xiangjiang	2/2	5/6
Shen Bingxi	1/1	3/3

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

### Securities Transactions of Directors and Supervisors

The Bank has adopted a set of codes of conduct concerning the securities transactions by directors and supervisors which are no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 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.

### Senior Management

#### Responsibilities of the Senior Management

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

#### Powers and Functions of the Senior Management

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

### Shareholders' Rights

#### Proposing the Convening of an Extraordinary General Meeting

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

#### Submitting Interim Proposals for the Shareholders' General Meeting

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

#### Putting Forward Suggestions and Reviewing Documents

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

### **Special Provisions on Rights of Preference Shareholders**

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

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

### **Other Rights**

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

### **Inside Information Management**

The Bank manages inside information and insiders in accordance with regulatory requirements of the exchanges on which the Bank is listed and the Bank's rules, and conducts the collection, delivery, sorting, preparation and disclosure of relevant information in compliance with applicable laws and regulations. During the reporting period, the Bank continued to strengthen inside information management, timely organized the completion of insider lists and regularly conducted insider transaction

self-inspections. After self-inspections, none of the insiders of the Bank were found to be involved in dealings in shares of the Bank who have taken advantage of inside information during the reporting period.

### **Investor Relations**

#### **Effective Communication with Shareholders and Review of Investor Relations Activities**

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

During the reporting period, the Bank creatively held the press conference on annual results in the form of webcast message and cloud visit to strengthen multi-dimensional interaction with investors. It was awarded the "Best Practice of the Annual Report Presentation of Listed Companies" again by the China Association for Public Companies. Through online + offline, one-to-one and one-to-many forms, the Bank carried out proactive and targeted investor relation activities at a high frequency, held multiple special communications on corporate governance and organized special investor relation activities such as green finance and ESG, FinTech and wealth management, so as to alleviate investors' concerns with market-oriented, international and professional expressions. The Bank took solid steps to protect the legitimate rights and interests of small and medium-sized investors. It also held the "performance presentation and special investor relation management activity" especially targeting small and medium-sized investors, so as to actively respond to the inquiries about the platforms and channels such as SSE E-interactive, investor hotline, investor relation mailbox, etc.

In 2023, the Bank will further and proactively deepen the communication and exchange with investors to enhance investors' understanding and recognition of the Bank and continue to protect legitimate interests of the investors, and at the same time the Bank hopes to receive more support and attention from its investors.

### Investor Enquiries

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

Telephone: 86-10-66108608

Facsimile: 86-10-66107571

E-mail: [ir@icbc.com.cn](mailto:ir@icbc.com.cn)

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

Postal code: 100140

### Internal Control

The Senior Management of the Bank is responsible for formulating systematic policies, procedures and methods, as well as taking risk control measures. Under the Senior Management, the Operational Risk and Internal Control Management Committee subordinated to the Risk Management Committee, performs the responsibilities related to internal control and evaluates the sufficiency and effectiveness of internal control. The Head Office and branches have internal control and compliance departments which are responsible for the organization, promotion and coordination of internal control.

During the reporting period, the Bank continued to optimize its internal control system for higher governance capability in internal control of the Group. The Bank advanced the orderly implementation of the 2021-2023 Development Plan for Internal Control System, improved internal governance, organization structure and assessment system, and clarified internal control responsibilities. The Bank promoted the compliance culture building, carried out the campaign with the theme of “Year for Value Improvement”, and continuously refined the internal control environment. The Bank improved methods and instruments, and enhanced the “9+X” foresighted identification and assessment of various risks. The Bank strengthened dynamic risk monitoring in an effort to improve the capability of proactive prevention. The Bank optimized the authorization management and system governance, and actively leveraged digital technologies and methods to strengthen the management on key positions, key areas and key links, thus constantly developing better capacities in the whole-process control. The Bank advanced the development of data assets and the application of information technology, and boosted the collection, processing and analysis of information, with the aim of improving the efficiency and effectiveness of communication, and supporting the Bank’s decision-making, implementation and supervision of business management. The Bank improved the quality

and efficiency of supervision, inspection and internal control assessment, further refined accountability system, made great efforts to strengthen the performance of responsibilities for case prevention and case investigation, in an endeavor to ensure stable operations.

### Internal Control Assessment Report and Internal Control Audit

While disclosing the annual report, the Bank also disclosed the 2022 Internal Control Assessment Report of Industrial and Commercial Bank of China Limited in accordance with the requirements of MOF, CSRC and SSE. The report stated that the Bank had maintained effective internal control over financial reporting in all material aspects in accordance with the standard system for enterprise internal control and relevant rules as at 31 December 2022 (benchmark date). Deloitte Touche Tohmatsu Certified Public Accountants LLP has audited the effectiveness of the Bank’s internal control over financial reporting as at 31 December 2022 and issued the unqualified audit report on internal control. For details, please refer to the announcements published by the Bank on the website of SSE, the “HKEXnews” website of HKEX and the website of the Bank.

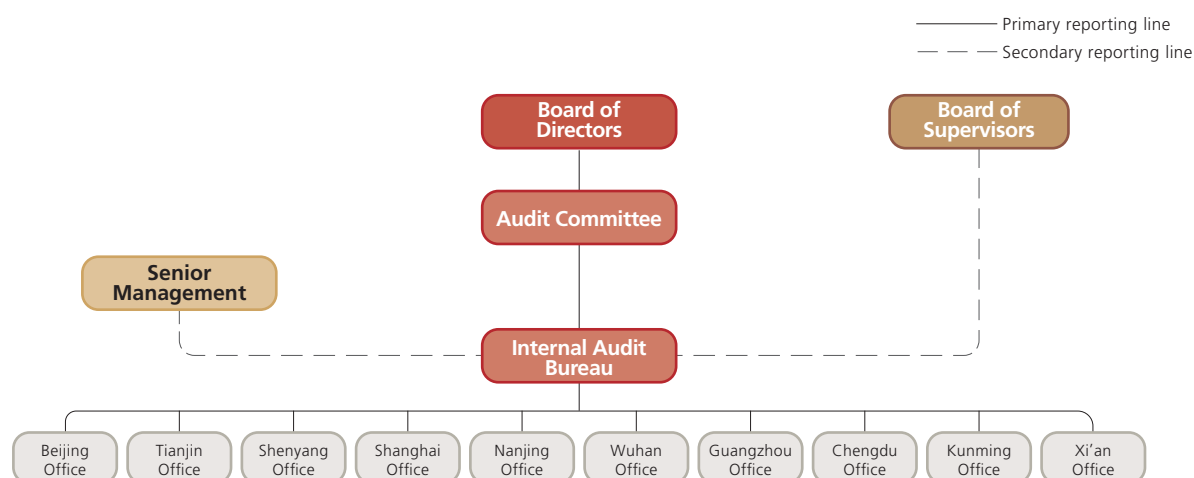
### Internal Control Evaluation and Defects

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

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

## Internal Audit

The Bank established a vertical and independent internal audit management system responsible and reporting to the Board of Directors. The chart below illustrates the internal audit management and reporting framework of the Bank:



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

During the reporting period, the Bank actively adapted to the changes in the risk management conditions, increased the allocation of audit resources, refined the audit project operation mechanism, and improved audit efficiency and value. The Bank continued to consolidate the basis for audit management, reinforced the institutional development of internal audit policies, and further improved internal audit system. The Bank sped up the digital transformation of audit, accelerated the upgrading of audit information system, and expanded the coverage of audit model system. The Bank adhered to the

closed-loop management of audit findings, deepened the governance of the root cause of problems, and enhanced the remediation supervision and implementation effects.

## Engagement of Auditors

Deloitte Touche Tohmatsu Certified Public Accountants LLP<sup>1</sup> was the domestic auditors of the Bank for the financial statements audit in 2022, and Deloitte Touche Tohmatsu<sup>1</sup> was the international auditors of the Bank for the financial statements audit in 2022. Deloitte Touche Tohmatsu Certified Public Accountants LLP was also the auditors of internal control of the Bank in 2022. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively, the "Deloitte Touche Tohmatsu") have rendered audit services for the Bank for two consecutive years (2021-2022). KPMG Huazhen LLP<sup>1</sup> and KPMG<sup>1</sup> resigned from the positions of providers of audit services for the Bank after serving a maximum term of eight consecutive years from 2013 to 2020.

During the reporting period, the Group paid Deloitte Touche Tohmatsu and its member institutions a total fee of RMB183 million for the audit of financial statements (including the audit of financial statements of subsidiaries and overseas branches), of which, RMB104 million (including fee for internal control audit of RMB8.80 million) was paid by the Bank.

1 Deloitte Touche Tohmatsu Certified Public Accountants LLP and KPMG Huazhen LLP are Recognized Public Interest Entity Auditor under Hong Kong's Financial Reporting Council Ordinance. Deloitte Touche Tohmatsu and KPMG are Registered Public Interest Entity Auditor under Hong Kong's Financial Reporting Council Ordinance.



During the reporting period, Deloitte Touche Tohmatsu and its member institutions provided the Group with non-audit services including professional services for asset securitization and bonds issuance etc., and received RMB9 million for such professional non-audit services.

### Management on Subsidiaries

For the information of management and control on subsidiaries, please refer to “Discussion and Analysis – Business Overview – Diversified Operation and Subsidiary Management”.

### Remediation of Problems in the Self-inspection amid the Governance Improvement Campaign of Listed Companies

In accordance with the relevant notices of CSRC, the Bank conducted a self-inspection amid the governance improvement campaign of listed companies. The self-inspection results showed that the Bank had complete internal rules and regulations for corporate governance, sound organizational structure, standardized operation procedures, smooth mechanism for the communication with investors, and stable cash dividend ratio.

### Whistleblowing Rules

Regarding the whistleblowing for violations of internal rules and regulations by the Bank’s institutions or employees, the Bank followed the principles of “seeking truth from facts, complying with laws and regulations, safeguarding legal rights and taking responsibility at different levels”, and formulated the measures for

reporting and handling violations. It gave full play to the role of whistleblowing in supervision, timely discovered cases and risk clues, investigated and handled violations, so as to maintain business order and protect the legitimate rights and interests of whistleblowers.

### Anti-corruption Policy

The Bank adhered to systematic governance, actively sought to tackle both the manifestations and the sources of corruption to ensure all personnels do not dare to, are unable to and have no desire to commit corruption. The Bank strengthened the investigation and handling of cases, and sternly investigated and punished serious violations of disciplines and laws. The Bank formulated relevant supporting measures, strengthened cooperation between ICBC and national supervisory authorities in punishing financial corruption, and enhanced the joint force of the discipline inspection and supervision departments, the internal audit departments and the internal control & compliance departments in detecting and punishing financial corruption. The Bank established a complete four-in-one reporting and acceptance system of “network, telephone, letter and visit” and actively unblocked the channels of inquiries and complaints. The Bank deepened the governance of integrity risk in key areas, conducted integrity risk investigation in the Head Office, clarified the responsibilities for integrity risk prevention and control and improved the joint prevention and control mechanism against regulation violations, rule-breaking, legal cases and corruption. The Bank actively promoted case-based warning education, reinforced warning education and publicity by holding bank-wide warning education conferences, issuing circulars on typical cases, shooting and organising viewings of special warning educational films.

## Report of the Board of Directors

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

### Profits and Dividends Distribution

The profit and financial status of the Bank during the reporting period are presented in the Auditor’s Report and Financial Statements of the Annual Report.

As approved at the Annual General Meeting for the Year 2021 held on 23 June 2022, the Bank has distributed cash dividends of about RMB104,534 million, or RMB2.933 per ten shares (pre-tax) for the period from 1 January 2021 to 31 December 2021 to the ordinary shareholders whose names appeared on the share register after the close of market on 11 July 2022.

The Board of Directors of the Bank proposed distributing cash dividends of RMB3.035 (pre-tax) for each ten shares of 356,406,257,089 ordinary shares for 2022, totaling

about RMB108,169 million. The distribution plan will be submitted for approval to the Annual General Meeting for the Year 2022. 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 14 July 2023. The Bank will suspend the registration procedures of H share ownership transfer on 8 July 2023 (inclusive) through 14 July 2023 (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 H shares to the Bank’s H share registrar — Computershare Hong Kong Investor Services Limited that is located at Room 1712-1716, 17 Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. of 7 July 2023. Pursuant to relevant regulatory requirements and operational rules, dividends on A shares and H shares will be paid on 17 July 2023 and 18 August 2023, 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 dividend distribution of ordinary shares of the Bank for the last three years:

Item	2022	2021	2020
Dividend per ten shares (pre-tax, in RMB yuan)	3.035	2.933	2.660
Cash dividends (pre-tax, in RMB millions)	108,169	104,534	94,804
Percentage of cash dividends <sup>(1)</sup> (%)	31.3	30.9	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 of the Bank, please refer to the section headed “Details of Changes in Share Capital and Shareholding of Substantial Shareholders — Preference Shares”.

### Formulation and Implementation of Cash Dividend Policy

The Articles of Association of the Bank explicitly stipulates that the Bank’s profit distribution policy shall maintain its continuity and stability and meanwhile have regard to

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

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## Report of the Board of Directors

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

**Distributable Reserves** Details of the distributable reserves of the Bank as at 31 December 2022 are set out in "Note 40. to the Consolidated Financial Statements: Reserves" of this annual report.

**Financial Summary** The summary of results, assets and liabilities for the five years ended 31 December 2022 is set out in the section headed "Financial Highlights" of this annual report.

**Donations** During the reporting period, the Group made external donations of RMB128.63 million equivalent.

**Subsidiaries** Particulars of the Bank's major subsidiaries as at 31 December 2022 are set out in the sections headed "Discussion and Analysis — Business Overview" and "Note 25. to the Consolidated Financial Statements: Investments in Subsidiaries" in this annual report.

### Share Capital and Public Float

Particulars on the share capital of the Bank for the year ended 31 December 2022 are set out in "Note 38. to the Consolidated Financial Statements: Share Capital".

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

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

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

**Major Customers** In 2022, the aggregate interest income and other operating income from top five customers of the Bank did not exceed 30% of the interest income and other operating income of the Bank for the year.

### Use of Proceeds from Fundraising Activities

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

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

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

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

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

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

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

**Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors** As at 31 December 2022, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions

of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

**Connected Transactions** In 2022, the Bank carried out standardized management of the Group's connected transactions in strict accordance with the regulations of CBIRC and CSRC as well as listing rules in Shanghai and Hong Kong, and had no connected transaction to be submitted to the Board of Directors or the Shareholders' General Meeting for review. All connected transactions occurred complied with the disclosure exemptions under the Listing Rules of the Shanghai Stock Exchange and the Hong Kong Listing Rules. The disclosure exemptions abided by the provisions of SSE for disclosure of connected transactions as well as the provisions of SEHK for reporting and announcement of connected transactions.

At the end of the reporting period, the Bank's balance of credit connected transactions and the balance of non-credit connected transactions under the rules of CBIRC amounted to RMB1,838 million and RMB19,996 million, respectively.

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

### **Liability Insurance of Directors, Supervisors and Senior Management Members**

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

### Relations among Directors, Supervisors and Senior Management

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

### Remuneration Policy for Directors, Supervisors and Senior Management

The Bank has clearly documented the remuneration policy for Directors, Supervisors and Senior Management members, and has continuously improved its performance assessment system and incentive restriction mechanism. From the perspectives of economic benefit, prevention and control of financial risks and support for the real economy and social responsibilities, the Bank adopted a system composed of the Bank's overall operation and management based indicators for the Management and duties allocation based indicators for individuals. The remuneration to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and other executives of the Bank has followed the State's policies relating to the remuneration reform on executives of central enterprises, which consists of basic annual remuneration, performance-based remuneration and incentive income linked to term appraisal. The remuneration to other Senior Management members and Shareholder Supervisors consists of basic annual remuneration and performance-based remuneration, and part of performance-based remuneration is paid in a deferred manner. The Bank has contributed to statutory retirement programs organized by Chinese governmental

organizations at different levels for Directors, Supervisors and Senior Management members concurrently as the employees of the Bank. Upon obtaining all applicable approvals, the Bank will implement a long-term incentive program. As at 31 December 2022, the Bank had not granted any share appreciation rights to any Director, Supervisor, Senior Management member, or other core business personnel designated by the Board of Directors.

### Members of the Board of Directors

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

Executive Directors: Mr. Chen Siqing, Mr. Liao Lin, Mr. Zheng Guoyu and Mr. Wang Jingwu;

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

Independent Non-executive Directors: Mr. Anthony Francis Neoh, Mr. Yang Siu Shun, Mr. Shen Si, Mr. Fred Zulu Hu and Mr. Norman Chan Tak Lam.

Industrial and Commercial Bank of China Limited  
Board of Directors

## Report of the Board of Supervisors

### Work of the Board of Supervisors

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

**Performance of the Board of Supervisors.** In 2022, the Board of Supervisors held six meetings, considered 19 proposals including proposals on the 2021 work report of the Board of Supervisors and assessment report on the duty performance, heard 19 reports on the topics including the quarterly operation, strategy planning and implementation as well as the Group's compliance risk and AML management, and reviewed 35 special reports including reports on the quarterly supervision and relevant surveys of the Board of Supervisors in 2022. The members of the Board of Supervisors issued opinions in an objective and fair manner, appropriately exercised voting rights, and diligently and faithfully fulfilled their duties. They attended two Shareholders' General Meetings, and attended 10 meetings of the Board of Directors and 47 meetings of special committees as non-voting attendees. They input adequate time and effort in supervisory inspections and surveys, and attached equal importance to theoretical learning and experience summary from practice, with an aim to continuously build up their duty performance ability. External supervisors of the Bank worked for more than 15 working days in the Bank, complying with the relevant requirements.

**Supervision on the performance of duties.** The Board of Supervisors supervised the Board of Directors, Senior Management and their members on their implementation of economic and financial policies rolled out by the Party and the state, compliance with the laws and regulations and the Articles of Association of the Bank, and execution of the resolutions of the Shareholders' General Meeting and the Board of Directors as well as the regulatory opinions. It paid close attention to how the Group served the implementation of major national strategies and

pressed ahead with operational transformation across the Bank, focused on a series of key tasks such as "ensuring stability on six key fronts" and "maintaining security in six key areas", rural revitalization, sci-tech innovation and common prosperity, worked hard to help stabilize the macro economy, serve the real economy, prevent and defuse financial risks, develop inclusive finance and green finance, facilitate carbon peak and carbon neutrality, and increase funding support for key fields. It ensured the Bank could practically perform the responsibilities as a large state-owned bank.

**Financial supervision.** The Board of Supervisors supervised the Bank's financial operations as well as decisions on and implementation of material financial issues. It paid close attention to the major issues concerning financial approval and accounting, reform of the performance appraisal system, financial compliance management, expected credit loss management, and other financial management systems and mechanisms of the Bank. Meanwhile, it kept track of many issues that could impact the business results of the Bank, including the stability of deposit growth, growth of non-interest income, and interest rate spread movements. It carefully reviewed periodic reports, final accounts and profit distribution plan, learned about the external audit work, and oversaw and evaluated the quality of external audit. With these efforts, the Board of Supervisors enabled the Bank to strengthen its financial management and allocate resources more effectively.

**Risk supervision.** The Board of Supervisors supervised the soundness and effectiveness of the risk management system and mechanism. It paid close attention to many risk areas such as enterprise-wide risk management, capital management, real estate loans, local government debts, and risks associated with wealth management business, and risks caused by the Russia-Ukraine conflict. It supervised capital management, consolidated management and stress testing management, tracked changes in major risks such as credit risk, market risk and liquidity risk, and monitored how risk-related regulatory indicators were changed and reached the target. It stepped up offsite monitoring efforts, intensified the supervision of risk management across different markets, industries, and fields, and analyzed and exposed the potential risks and hazards as early as possible, thus helping the Group raise its enterprise-wide risk management standards.

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## Report of the Board of Supervisors

**Supervision on internal control.** The Board of Supervisors supervised the soundness and effectiveness of the internal control system. It paid close attention to the development and operation of relevant policies and systems, operation of the internal control mechanism, performance of duties by “three lines of defense”, operation of the supervisory inspection system and regulatory penalties, among other aspects. It reinforced the supervision of internal control and compliance management in key institutions and key areas, with focus placed on case prevention, related party transactions, consumer protection, AML, IT security and data governance, among other aspects. Besides, it closely tracked the progress made by overseas institutions and integrated subsidiaries in developing their internal control mechanisms as well as the weak links spotted in key business fields of the Bank with respect to internal control, to effectively improve the Group’s internal control compliance management.

### Independent Opinions of the Board of Supervisors on Relevant Issues

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

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

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

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

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

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

**Review of the Internal Control Assessment Report** The Board of Supervisors reviewed the 2022 Internal Control Assessment Report of the Bank and had no objection to the report.

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

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



## Environmental and Social Responsibilities

### ESG Governance Framework

The Board of Directors of the Bank actively performed its role in strategic decision-making and supervision, paid close attention to ESG work, made continuous efforts to deepen ESG governance and refined the ESG governance framework. The Strategy Committee established under the Board of Directors was responsible for reviewing annual social responsibility report and proposing suggestions to the Board of Directors. The Corporate Social Responsibility and Consumer Protection Committee under the Board of Directors was responsible for listening to the Bank's performance of social responsibility in environmental, social, governance, precision poverty alleviation and corporate culture. It also reviewed the Bank's strategies, policies and goals in consumer protection, strategies in green finance, development plans on inclusive finance business, basic management systems, annual operation plans for inclusive finance business, and methods of assessment and evaluation, and put forward suggestions to the Board of Directors.

The Board of Directors attached great importance to the Bank's environmental, social and governance performance. It developed the Bank's strategic development plan fully in light of China's 14<sup>th</sup> Five-Year Plan, advanced implementation of the goals for carbon peak and carbon neutrality by the Bank, regularly reviewed social responsibility reports, risk management reports and other proposals, and enhanced supervision and management over ESG matters. During the reporting period, it reviewed and approved the Proposal on the Strategic Development Plan of ICBC in the 14<sup>th</sup> Five-Year Plan Period, strengthened the building of green finance system, enhanced disclosure of ESG information and climate finance information and contributed to the economic transformation and upgrading and the sustainable development of finance. The Board of Directors reviewed, adopted and disclosed the 2021 Corporate Social Responsibility (ESG) Report of Industrial and Commercial Bank of China Limited, communicating to the capital market the Bank's practice of its mission as a large bank. In addition, paying close attention to ESG development, the Board of Directors actively fueled the development of green finance, studied in depth the Bank's solutions of building up green finance brands, and proposed opinions and suggestions for improvement accordingly.

The directors were in deep involvement in the ESG work. During the reporting period, the directors of the Bank attended the ESG training organized by the Listed Companies Association of Beijing to study in depth ESG

governance-related matters for listed companies. To continuously improve the performance capability, the directors of the Bank actively participated in various thematic trainings in ESG, green finance, anti-money laundering, etc. organized by regulators and the Bank.

The Senior Management of the Bank optimized functions of the Green Finance (ESG and Sustainable Finance) Committee under the Risk Management Committee and made it a supportive decision-making body to support the Senior Management to coordinate, lead and advance the green finance and ESG work. The Bank revised and issued the Basic Regulations on Corporate Social Responsibility (ESG and Sustainable Finance) Work (Version 2023) and the Administrative Measures for Corporate Social Responsibility (ESG and Sustainable Finance) Information Disclosure (Version 2023).

### Green Finance

In 2022, the Bank firmly implemented the decisions and arrangements of the Central Committee of the CPC for ecological civilization development and carbon peak and carbon neutrality. By fully seizing the opportunities of green finance development, it drove forward building of the Group's work system in carbon peak and carbon neutrality, facilitated the green and low-carbon transition of investment and financing structure, and advanced green finance development on all fronts such as organizational structure, policies and systems, management procedures, business innovation, its own performance, and brand promotion. With green industrial investment and financing surging, the amount of green loans ranked first among large commercial banks and their growth was higher than the average of various loans for multiple years consecutively. Innovation in full-product investment such as green bonds, wealth management and funds sped up. The environmental and social risks of investment and financing were effectively prevented and controlled. Prominent results were achieved in prospective study and foreign cooperation in green finance. Due to its outstanding contribution in green finance, climate finance and financial support for biodiversity, the Bank scored the highest in the green bank evaluation by CBIRC and China Banking Association and was awarded the 2022 Global Green Finance Award – Innovation Award and the GF60 Green Finance Awards – Best Financial Institution Award by domestic and foreign media.

## Environmental and Social Responsibilities

The Bank continued to step up support for green industrial investment and financing. As at the end of 2022, the Bank's balance of green loans (under the CBIRC's criteria) amounted to RMB3,978,458 million, with the total amount and increment both surpassed those of other banks. RMB10.0 billion green finance bond themed carbon neutrality was successfully issued, which was the first green finance bond themed carbon neutrality of commercial banks in China and also the country's first green bond introducing the new version of EU-China Common Ground Taxonomy. In addition, the Bank successfully issued multi-currency overseas green bonds themed "carbon neutrality" globally through Hong Kong Branch, Singapore Branch, London Branch, and Dubai Branch.

The policies and systems on green finance were continuously improved. The Bank earnestly carried out the Green Finance Guidelines for the Banking and Insurance Industries. It issued the Green Guide for Investment and Financing of ICBC (Trial), a policy dedicated to green finance, to provide an informative operation manual for preventing and controlling ESG risks in investment and financing business. Covering the key points of ESG risk identification, minimum access standards, outstanding standards, and green sectors to grant loans to, the policy efficiently made ESG risk prevention and control more effective and pertinent.

The Bank promoted the green adjustment of investment and financing structure in a forward-looking manner. It highlighted the "green" orientation on all fronts in annual industrial investment and financing policies. Corporate indicators such as technology, environmental protection and energy consumption were included into selection criteria for customers and projects in major industries. Development of green and low-carbon circular economy was greatly supported. Major sectors including clean energy, green transportation, energy conservation and environmental protection, etc. were identified for active or moderate involvement. Efforts were made to strictly control blind development of projects of high energy consumption and high emission, enhance categorized management of customers, and prevent investment and financing risks.

The Bank advanced the carbon peak and carbon neutrality work in a well-coordinated way. It set up the Steering Group for Carbon Peak and Carbon Neutrality and released the Work Plan for Carbon Peak and Carbon Neutrality of ICBC (Trial). With respect to assets, the Bank fully embedded low-carbon elements into the investment and financing policy system, issued annual industrial investment and

financing policies, and practiced differentiated management in various dimensions such as performance assessment, FTP, capital at risk, etc. The Bank was guided to make greater arrangements for green and low-carbon industries, and the carbon-reduction supporting tool as a monetary policy was actively applied. Regarding its own operation, the Bank rolled out carbon footprint management for its operation and took the lead in domestic financial peers to achieve information-based management of carbon footprint data, realizing digitalized information completion, standardized approval, and automated collection.



Efforts were ramped up in environmental, social and governance (ESG) risk management. The Bank comprehensively practiced green and categorized management of investment and financing such as loans, bonds, wealth management, and leasing. It actively furthered the systematic management of ESG risks and applied the big data technology for automated risk control throughout the credit process. By establishing the mapping relation between customers' industry and projects and green industries, the Bank combined intelligent system recognition and manual verification and rectification to effectively improve the efficiency and management of green loan identification. Research on climate risk was conducted, and regulator-guided stress testing for climate risk proceeded in order.

The Bank made ongoing efforts to build up its influence in green finance. At the side event Banking Initiatives for Nature and Climate at the second phase of COP15, it shared its experience and practice in financially supporting biodiversity and greatly developing green finance. At the 5<sup>th</sup> China International Import Expo, the Bank officially launched the green finance brand "ICBC Green Bank +". Advocating the "harmony, integration and amity" concept, the Bank put into full play the leading role as a large bank and provided professional, comprehensive and perspective financial support for green development to realize "More Green Contributions for More Beautiful Home".

### Green Operation

The Bank put into use an independently developed statistical system for carbon footprint management data that supported digitalized information completion, standardized approval, and automated collection, laying a solid foundation for the Bank to continue with the carbon peak and carbon neutrality work. By using the historical carbon emission data collected by the statistical system, the Bank finished the attribution analysis of historical data, unfolded research on carbon peak and carbon neutrality in its own operation, and analyzed its potential for energy conservation and carbon reduction, offering technical support for the low-carbon operation management for the next step. Third-party specialists were engaged to verify the data through on-site inventory check, document review, etc.

Committed to "promoting green development, advocating green and low carbon, building a green bank", the Bank called for paperless office and actively advanced green office. During the reporting period, by holding paperless meetings online, it saved roughly 19 million sheets of paper, totaling around 98 tons in weight.

### Consolidation of Achievements in Poverty Alleviation and Services for Rural Revitalization

The Bank earnestly implemented the strategy of rural revitalization. To "address the country's needs, give full play to finance and tap into ICBC strengths", it took financially supporting the consolidation and expansion of achievements in poverty alleviation and fully advancing rural revitalization as important operation responsibilities. The positive progress made in rendering financial services for rural revitalization was continuously cemented.

The Bank put into place and improved the "1+6" new framework of financial services for rural revitalization. Following the Urban-Rural Collaborative Development Strategy, it continued to drive forward building of the six basic systems for rural financial services, including organization management, fundamental systems, rural service delivery, entire product system, categorized execution, and unified service brands. The "1+6" basic framework of financial services for rural revitalization with ICBC characteristics was continuously deepened to advance urban support for rural areas and urban-rural complementarity and facilitate the extension of financial services further into rural areas.

The quality and efficiency of agriculture-related financial services were fully improved. Focused on key sectors related to agriculture and rural areas, the Bank kept solidifying the foundation of urban-rural collaborative services, initiated the campaign of serving rural revitalization with finance, and enlarged agriculture-related financial supply. Input of credit resource was stepped up. For key sectors such as high-standard farmland, modern seed industry, food processing and circulation, and rural infrastructure construction, the Bank launched the "Planting e Loan" and the "Prosperous Agriculture Industrial Loan". It continued to grant more loans and made all-out efforts to increase the proportion of mid- and long-term loans to support the stable fundamentals of agriculture. The focus of service was further shifted to lower-tier market. The building of rural service sites for inclusive finance and ICBC messenger teams was accelerated, and market promotion of ICBC "Xingnongtong" APP was ramped up to advance the asset-light and flexible delivery system of rural financial service and construct an "online + offline" integrated agriculture-related service ecosystem. Featured services were delivered precisely. The Bank optimized the service for new-type agriculture operators and popularized the "credit express channel" for them. It offered "thousand chains and ten thousands of households" supply chain financial services for leading enterprises in agricultural industrialization, and

furthered the “agricultural matchmaking” activity and the “serving thousands of villages and accompanying ten thousands of households” campaign. Construction of the financial ecosystem picked up the pace. Rural financial services were further empowered with technology, and the “Digital Villages” comprehensive service platform was promoted with greater efforts. The ICBC digital and intelligent service platform for prosperous agriculture was staged to boost the digital service capacity for the rural market.

Achievements made in poverty alleviation were further consolidated. The Bank made ongoing efforts to consolidate and expand the achievements made in poverty alleviation in coordination with the extensive drive for rural vitalization. To help key counties for national rural revitalization assistance, it continued with financial support and made greater efforts in favored credit resource allocation, assistance for people lifted out of poverty, and driving of specialty industries to help areas having overcome poverty develop key fields and address weak links. More micro loans were extended to poverty elimination and the healthy development of microcredit for people lifted out of poverty was facilitated. As at the end of December, the Bank had 1,123 outlets in 832 counties that overcame poverty, covering 68.6% of the counties, and had 152 outlets in 160 key counties for national rural revitalization assistance, covering 56.9% of them.

The Bank supported targeted counties and cities to consolidate the foundation of poverty alleviation. The anti-poverty fund program was rolled out, expanding the coverage to the entire rural population and dynamically monitoring the households lifted out of poverty and those prone to poverty as key target. Support continued to be ramped up in compulsory education, housing, drinking water safety, basic medical security, and building of rural talent teams. In light of local resource endowment, the Bank introduced e-commerce platform frontrunners to drive the development of high-quality featured industries. The consumer assistance campaign was unfolded in combination to help farmers reap higher income sustainably.

### Consumer Protection

The Bank conscientiously implemented the laws, regulations and regulatory requirements regarding consumer protection, took various measures to improve the consumer protection governance system, and comprehensively enhance its ability to protect the legitimate rights and interests of consumers. It set up the Consumer Protection Committee at the Senior Management level as a planning, coordinating and organizing body to study and solve major issues with the management of consumer protection and customer complaints. The Bank developed assessment and evaluation measures for consumer protection, which added consumer

protection related indicators into the operation performance assessment of branches, the evaluation of professional lines, and assessment of the Head Office departments, to further refine the internal assessment mechanism for consumer protection. By giving full play to the early risk-warning and prevention functions of consumer-centered contract review, the Bank continued to integrate the Civil Code, the Personal Information Protection Law and other laws, regulations and regulatory requirements into key parts of business such as marketing, publicity and information disclosure, and enhanced personal information protection and third-party partner management to effectively control risks and hazards in key sectors. The mechanisms of new product (business) access for consumer protection and post-evaluation management were studied and set up, and institutional measures, products, systems, procedures and services were further refined to better protect the rights and interests of consumers. The Bank strengthened consumer protection in coordination with national efforts of responding to population aging, supporting rural revitalization, providing better financial service for new citizens, and preventing and eliminating financial risks, augmented supply of products and services and support in resource input to make customers more satisfied and happier with financial services. The Bank eased consumers’ burden and provided emergency service for business handling as per consumer demand during the pandemic period to efficiently handle the related customer appeals. Through fee reduction and profit concessions, financial service for new citizens, etc. in the special period of time, the Bank effectively improved the service experience of customers.

The Bank practically launched concentrated consumer protection promotion activities such as “March 15<sup>th</sup> Consumer Protection Publicity Week”, “Financial Knowledge Publicity Month, Household Financial Knowledge, Be a Rational Investor and a Good Financial Internet User”, “Spreading Financial Knowledge, Protecting Your Pocket” and “Publicizing Financial Knowledge to Walk Ten Thousand Miles”. The efforts were especially directed at key contents such as financial fraud prevention, investment and wealth management, and personal information protection and special groups such as new citizens, the elderly, and rural residents with an aim to continuously enhance financial literacy and risk prevention capability of the public. The Bank integrated the promotion activities with brand services such as “ICBC Axiangban”, “ICBC Sharing Station”, and “ICBC Xingnongtong” and other activities such as “rural customer festival”, directed the promotion for mutual support with operation management and business development, and enhanced case and experience-based interactive promotion and risk warning to improve the accuracy and effectiveness of regular promotion activities. For the elderly population, the Bank gave tips for using online and offline self-services

such as the “Happy Life” version of mobile banking and the elderly version of smart terminals, promoted elderly-oriented facilities at outlets, and popularized financial knowledge closely tied with the elderly life such as prevention of illegal fund-raising, pension frauds and illegal financial advertising, to help the elderly enhance the risk awareness, protect their pocket and cross the “digital gap” at ease.

The Bank organized serial trainings on consumer protection review, customer complaint management, and consumer protection, focusing on key fields such as personal banking, credit cards, and Internet finance and key contents such as business marketing and promotion and personal information protection. The trainings were intended to standardize behaviors of related institutions and personnel in business operation and service and help improve the customer satisfaction and their experience in having their appeals handled. Consumer protection trainings, mainly real-world scenario and case-based ones, were especially stepped up for outlets and key positions to boost the consumer protection awareness and capability of pertinent institutions and personnel. Quality courses of the Head Office and branches on consumer protection were made available at the internal training platform of the Bank to get customer managers, customer service managers, wealth management managers, and new employees updated of consumer protection knowledge and normative requirements in business operation and further solidify the basis of consumer protection throughout the Bank.

Remaining true to its original aspiration of finance for the people, the Bank continued to improve the complaint governance capability and efficiently solved the most pressing difficulties and problems that were of great concern to customers. Amid its efforts of building a bank that the people are satisfied with, the Bank recorded a surveyed customer satisfaction rate of 90.43%. In the “Management Year for Complaints from Individual Customers” campaign, it focused on most complained issues in personal banking, credit cards and other major fields and implemented root-cause rectification in terms of rules and regulations formulation, products improvement, processes optimization and systems refinement to fully refine customer services. Follow-up evaluation of the effects of complaint governance was conducted, and the root-cause governance measures were further optimized in greater details to provide financial services of excellent quality. Ongoing efforts were made to improve the complaint response, handling and feedback

mechanisms and enhance responsibility supervision and implementation at various links, so as to solve contradictions and disputes immediately and on the spot. The Bank sped up in promoting the smart governance approaches for customer complaints and actively introduced big data, artificial intelligence, and other technology measures to upgrade functions of the complaint management system and pursue greater effects in complaint governance.

In 2022, the Bank received 238,400 complaints from individual customers<sup>1</sup>, averaged at 1,524 complaints from individual customers every 100 outlets and 3,293 every 10 million individual customers. By type of business, the complaints were concentrated in credit cards and personal banking. Specifically, the complaints in credit cards were mainly about repayment negotiations, automobile installments, interest and fee disputes, and credit records, while those in personal banking were mainly about account control, personal housing loans, and savings deposit. By region, the complaints were mainly distributed in Guangdong, Hebei, Beijing, Henan, and Shandong. According to statistics released by the Financial Consumer Protection Bureau, PBC, among the complaints accepted by the PBC institutions at various levels in 2022, the Bank ranked fourth among six large state-owned commercial banks in terms of number of complaints every 100 outlets (in descending order by quantity, similarly hereinafter) and ranked sixth among the six banks in terms of number of complaints every RMB100 billion assets.

For details of the Bank’s fulfillment of corporate social responsibilities, please refer to the 2022 Corporate Social Responsibility (ESG) Report of Industrial and Commercial Bank of China Limited published by the Bank on the website of SSE, the “HKEXnews” website of HKEX and the website of the Bank.

Scan for access to the 2022 Corporate Social Responsibility (ESG) Report of Industrial and Commercial Bank of China Limited



1 To present a more accurate picture of customer complaints, the Report has deleted repeated complaints and complaints about the “Card Close Action” against new-type cyber-telecom crimes in reporting the number of individual customer complaints in 2022.



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## Significant Events

### Material Lawsuits or Arbitration

**Cases** During the reporting period, the Bank incurred no material lawsuits or arbitration cases. It was involved in several legal lawsuits and arbitration in its ordinary course of business. Most of these cases were initiated by the Bank to recover non-performing loans, while some were related to disputes with clients. As at 31 December 2022, the amount of cases pending judgements or arbitrations awards in which the Bank and/or its subsidiaries are defendants totaled RMB4,738 million, and the Bank does not expect any material adverse effect from the above-mentioned cases on the Bank's business, financial position or operating results.

### Material Assets Acquisition, Sale and

**Merger** During the reporting period, the Bank had no material assets acquisition, sale or merger.

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

### Implementation of Share Incentive Plan and Employee Stock Ownership Plan

**during the Reporting Period** During the reporting period, the Bank did not implement any share incentive plan or any employee stock ownership plan.

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

### Material Related Party Transactions

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

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

### Material Contracts and Performance of Obligations thereunder

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

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

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

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

### Occupation of Fund by Controlling Shareholders and Other Related

**Parties** During the reporting period, none of the controlling shareholders and other related parties of the Bank occupied any fund of the Bank for non-operating purpose. The auditors have issued the Special Explanation on the Occupation of Fund by Controlling Shareholders and Other Related Parties of Industrial and Commercial Bank of China Limited in 2022.

## Commitments

As at 31 December 2022, all of the continuing commitments made by the shareholders were properly fulfilled and were listed as follows:

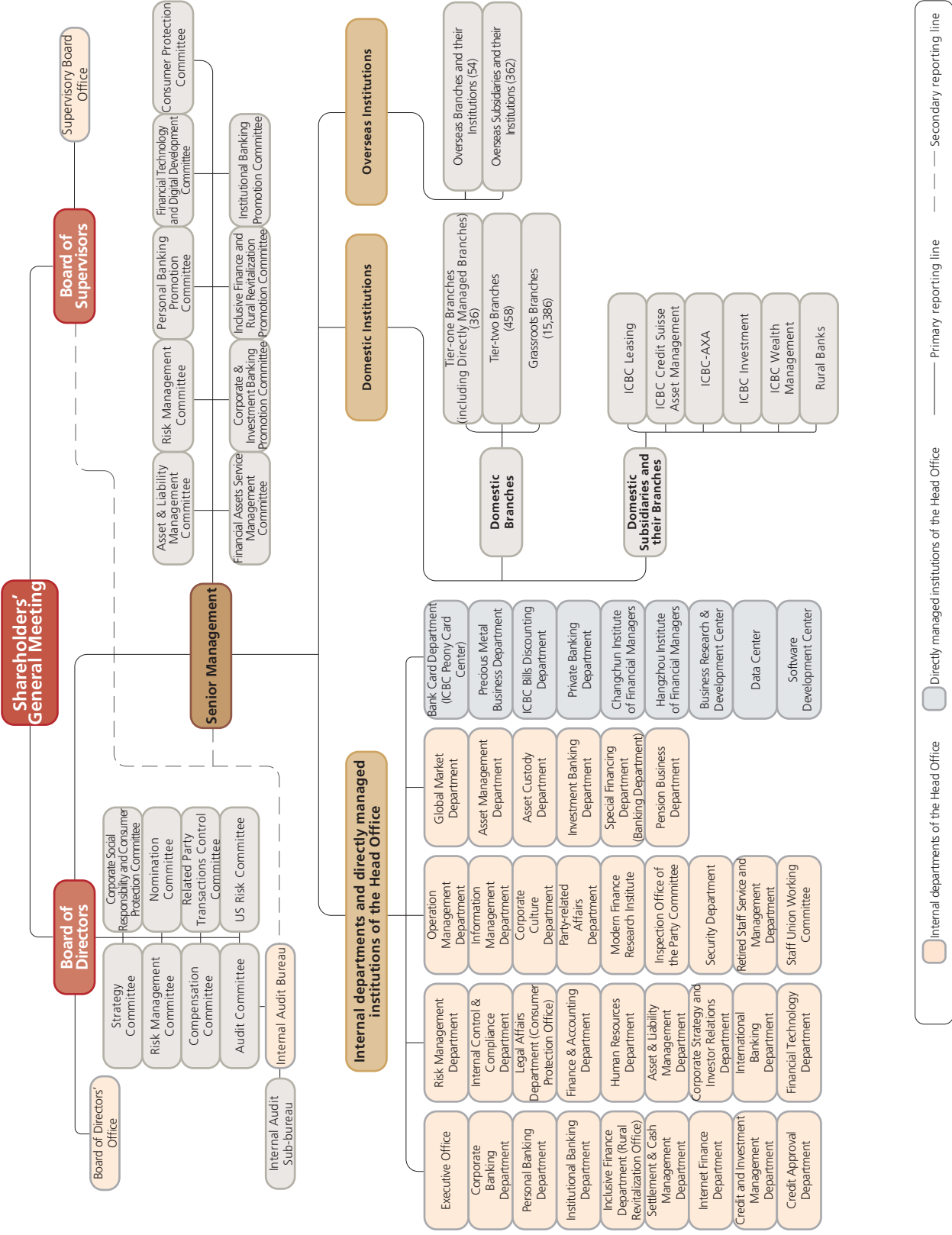
Shareholder	Type of commitment	Time and term of commitment	Legal document under which the commitment is made	Commitment	Fulfillment of commitment
Huijin	Commitment of non-competition	October 2006/No specific term	Prospectus of Industrial and Commercial Bank of China Limited on Initial Public Offering (A Share)	Provided that Huijin continues to hold any share of the Bank or is deemed as the controlling shareholder of the Bank or the related party of the controlling shareholder of the Bank according to the laws or listing rules of China or the listing place of the Bank, Huijin will not engage in or participate in any competitive commercial banking business including but not limited to granting loans, attracting deposits and providing settlement, fund custody, bank card and money exchange services. However, Huijin can engage in or participate in some competitive businesses by investing in other commercial banks. In this regard, Huijin has committed that it will: (1) fairly treat the investments in commercial banks and will not make any decision or judgment that will have adverse impact on the Bank or be beneficial to other commercial banks by taking advantage of the status of being a shareholder of the Bank or information obtained by taking advantage of the status of being a shareholder of the Bank; and (2) perform the shareholders' rights for the maximum interests of the Bank.	As at 31 December 2022, Huijin strictly fulfilled the above commitment and did not do anything in violation of the commitment.
		November 2010/No specific term	Prospectus on A Share Rights Issue of Industrial and Commercial Bank of China Limited		
SSF	Commitment of performing the obligation of lock-up period for A shares	Taking effect from December 2019/Above three years	Simplified Report of Changes in Equity of National Council for Social Security Fund	According to the Notice of the State Council on Issuing the Implementation Plan for Transferring Part of State-Owned Capital to Fortify Social Security Funds (Guo Fa [2017] No. 49), SSF shall perform the obligation of more than 3-year lock-up period as of the date of the receipt of transferred shares.	As at 31 December 2022, SSF strictly fulfilled the above commitment and did not do anything in violation of the commitment.

**Participation in Investing in National Green Development Fund Co., Ltd.** In July 2020, the Bank signed the Promoter's Agreement of the National Green Development Fund Co., Ltd. In April 2021, upon the approval of CBIRC, the Bank planned to contribute RMB8.0 billion to National Green Development Fund Co., Ltd., which shall be paid by instalments. In May 2021, the Bank completed the first contribution of RMB0.8 billion. In December 2022, the Bank completed the first tranche of RMB1.0 billion for the second contribution. For details on the investment, please refer to the announcements published by the Bank on the website of SSE, the "HKEXnews" website of HKEX and the website of the Bank.

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



# Organizational Chart



# Auditor's Report and Financial Statements



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## Independent Auditor's Report



### To the Shareholders of Industrial and Commercial Bank of China Limited

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

#### Opinion

We have audited the consolidated financial statements of Industrial and Commercial Bank of China Limited (the "Bank") and its subsidiaries (collectively referred to as the "Group") set out on pages 154 to 277, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### Basis for opinion

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

#### Key audit matters

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

## Independent Auditor's Report

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<b><i>Allowance for impairment losses on loans and advances to customers measured at amortised cost</i></b>	
<p>The Group uses the expected credit loss ("ECL") model to calculate the loss allowance for loans and advances to customers measured at amortised cost in accordance with IFRS 9.</p> <p>As at 31 December 2022, the Group's loans and advances to customers measured at amortised cost was RMB22,107,213 million, and the related impairment allowance was RMB672,224 million.</p> <p>The management exercised significant judgements and estimation in its assessment of allowance for impairment losses on loans and advances to customers measured at amortised cost. They include the determination of staging of loans and advances to customers including determining whether the credit risk has increased significantly and credit impairment events have occurred; the determination of key parameters used in the ECL model including probability of default (PD), loss given default (LGD), exposure at default (EAD), discount rate, and forward-looking information for stage 1 and 2 corporate loans and advances, discounted bills and all personal loans and advances; the determination of key parameters used in discounted cash flow assessment in respect of stage 3 corporate loans and advances including recoverable cash flows and discount rates.</p>	<p>Our audit procedures in respect of allowance for impairment losses on loans and advances to customers measured at amortised cost included the following:</p> <p>(1) Design and operating effectiveness of key internal controls</p> <ul style="list-style-type: none"> <li>understood, assessed and tested the design and operating effectiveness of key internal controls relating to approval, recording, monitoring and regular evaluation of internal credit risk ratings which are relevant inputs to the ECL model;</li> <li>understood, assessed and tested the design and operating effectiveness of key internal controls of the ECL model, including the selection, approval, and application of ECL model methodology, underlying parameters updating and periodic validation, input of underlying data and parameters, and loan staging based on quality of loans and advances to customers, cash flow projection used in the discounted cash flow method, and the review and approval of forward-looking information;</li> <li>understood, assessed and tested the information technology system and design and operating effectiveness of the related controls, including general information technology controls, data transmission between systems, mapping of parameters of the ECL model, and system calculation of loss allowance.</li> </ul>



## Independent Auditor's Report

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Allowance for impairment losses on loans and advances to customers measured at amortised cost (continued)</i></b></p> <p>Due to the significance of allowance for impairment losses on loans and advances to customers measured at amortised cost and the significant judgements and estimation exercised by management in estimating ECL, we identified this as a key audit matter.</p> <p>Refer to Note 4 (10), Note 5, Note 14, Note 23, and Note 50(a) to the consolidated financial statements for relevant disclosures.</p>	<p>(2) ECL model</p> <ul style="list-style-type: none"> <li>assessed the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking information, and evaluated the rationality of the key management judgements on those key parameters;</li> <li>assessed the internal credit risk rating benchmark used in the ECL model by reviewing its periodic validation and monitoring report to evaluate the reasonableness of the validation approach, completeness of the validation scope and accuracy of the validation, and selected samples to verify the accuracy of internal rating calculation;</li> <li>verified, on a sample basis, the accuracy of ECL model data input such as loan agreement amount, due date, interest rate, guarantee method;</li> <li>assessed the reasonableness of the selection of economic indicators, the weighting of multiple macro-economic scenarios, and other inputs and assumptions used by management in the forward-looking adjustments; assessed the reasonableness of forecasted macro-economic and industry indicators by comparing to available third party information, and reviewed the sensitivity analysis of economic indicators;</li> <li>verified, on a sample basis, the calculation of ECL model, and tested whether the model reasonably reflected management's modelling methodology;</li> <li>performed back-testing, and verified the results of the model using actual observable data, and evaluated whether there was any indication of management bias.</li> </ul>

## Independent Auditor's Report

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<i>Allowance for impairment losses on loans and advances to customers measured at amortised cost (continued)</i>	
	<p>(3) Risk based sample selection for credit review</p> <ul style="list-style-type: none"> <li>selected samples for credit review by focusing on industries that are significantly affected by fluctuations of economic cycle and policy regulations, regions with high credit risk exposure, and loans with other high-risk characteristics such as non-performing loans, overdue performing loans, rescheduled loans and borrowers with negative publicity;</li> <li>analysed the borrower's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement;</li> <li>performed credit assessments on borrower's and guarantor's financial information, collateral valuation and other sources of repayment for the selected stage 3 corporate loans and advances, tested the recalculation of impairment allowance based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstatement.</li> </ul>



## Independent Auditor's Report

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<b><i>Consolidation of structured entities</i></b>	
<p>Structured entities mainly include wealth management products, investment funds, trust plans, asset management plans and asset-backed securities in which the Group has interests in them through their initiation, management or investment.</p> <p>In determining whether the Group has control and therefore should consolidate a structured entity, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. The Group is required to collectively consider the relevant facts and substance to assess whether it has control over the structured entity.</p> <p>We identified the consolidation of structured entities as a key audit matter because the amount involved is significant and the evaluation on whether the Group has control over the structured entities requires significant accounting judgement.</p> <p>Refer to Note 4(2), Note 5 and Note 43 to the consolidated financial statements for relevant disclosures.</p>	<p>Our audit procedures in respect of consolidation of structured entities included the following:</p> <p>Understood, assessed and tested the related design and operating effectiveness of the internal controls relating to the consolidation of structured entities.</p> <p>Selected samples to perform the following audit procedures:</p> <ul style="list-style-type: none"> <li>inspected agreements relating to the structured entity and understood the purpose of its set up; assessed the power the Group has over the structured entity according to the Group's rights and obligations under different transaction structures and its involvement with the structured entity;</li> <li>verified the analysis on the Group's variable return which includes, but is not limited to, fixed management fee and performance fees obtained through acting as asset manager, as well as the returns obtained from holding an interest in a structured entity, and providing liquidity support or other support;</li> <li>analysed the scope of the Group's decision-making power over the structured entity, the level of remuneration obtained from providing asset management services, the risk of variable return borne by holding other interests in the structured entity and the substantive rights held by other participants, checked the Group's analysis on the magnitude and variability of variable return, and assessed whether the Group acts as principal or agent in the structured transaction;</li> <li>assessed the management's decision on the consolidation of structured entities through carrying out the above procedures.</li> </ul>

## Independent Auditor's Report

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<b><i>Fair value of financial instruments</i></b>	
<p>The valuation of the Group's financial instruments measured at fair value is based on readily available market data or valuation models. For financial instruments without readily available market data such as debt securities, equities, over-the-counter derivative contracts and structured deposits, fair values are measured based on valuation techniques. The selection of valuation techniques and significant unobservable input data requires significant accounting judgement and estimation by management.</p> <p>As at 31 December 2022, the Group's financial assets that were measured at fair value amounted to RMB4,293,735 million, representing 10.84% of total assets; financial liabilities that were measured at fair value amounted to RMB540,849 million, representing 1.50% of total liabilities. Level 3 financial assets and liabilities with significant unobservable input data amounted to RMB156,343 million and RMB3,496 million respectively.</p> <p>We identified fair value assessment of financial instruments as a key audit matter because the amount involved is significant and the valuation requires significant judgement and estimation, and particularly for level 3 financial instruments.</p> <p>Refer to Note 4(7), Note 5, Note 21, Note 22, Note 23, Note 24, Note 32, and Note 51 to the consolidated financial statements for relevant disclosures.</p>	<p>Our audit procedures in respect of fair value assessment of financial instruments included the following:</p> <p>Understood, assessed and tested the design and operating effectiveness of internal controls relating to the valuation of financial instruments, independent pricing validation, and valuation model validation and approval.</p> <p>Selected samples to perform the following audit procedures:</p> <ul style="list-style-type: none"> <li>evaluated the fair value of level 1 financial instruments by comparing the fair value with publicly available market observable data;</li> <li>evaluated the appropriateness of the Group's valuation techniques, inputs and assumptions for level 2 and 3 financial instruments, and compared the observable market data with publicly available market data;</li> <li>assessed and verified the valuation techniques used in the valuation of complex financial instruments valuation, selected samples to perform independent valuation and compared the results with the Group's valuation.</li> </ul>

## Independent Auditor's Report

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<b><i>IT systems and controls over financial reporting</i></b>	
<p>As a large banking group, the Group's IT systems are complex.</p> <p>To ensure the accuracy of financial reports, IT over financial reporting and its related general controls and automated controls are required to be designed and operated effectively. The related general controls include IT governance, controls over program development and changes, access to programs and data and IT operations. Automated controls include system calculations and data logic relating to significant accounts, as well as interfaces between business management systems and accounting systems.</p> <p>With the rapid increase in the volume of on-line transactions of the Group, as well as the continuous development and application of new technologies and open banking that increased third party network access, the Group faces increasing challenges on cyber security and data protection that warrant close monitoring of their potential impact on financial reporting related IT systems.</p> <p>We identified IT systems and controls over financial reporting as a key audit matter because the Group's financial accounting and reporting systems are highly reliant on complex IT systems and control processes, and the IT systems are required to serve the Group's global customer base, handle large volumes of frequent transactions, and continue to develop in response to changing business needs and technological change accelerating.</p>	<p>Our audit procedures in respect of IT systems and controls over financial reporting included the following:</p> <ul style="list-style-type: none"> <li>understood, assessed and tested the design and operating effectiveness of key internal controls of the IT systems relevant to financial reporting;</li> <li>understood, assessed and tested the design and operating effectiveness of automated controls relevant to significant accounts and assertions or risk of material misstatement, and such IT automated controls include accuracy of system calculation logic and consistency of data transmission, covering business in corporate banking, personal banking, and financial markets, as well as financial reporting process;</li> <li>understood, assessed and tested the design and operating effectiveness of controls over cyber security management mechanism, the operational security of key information infrastructure, data and customer information management, and system operation monitoring and emergency management.</li> </ul>

## Independent Auditor's Report

### Other information

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

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

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

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

### Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

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

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

## Independent Auditor's Report

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

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

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

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

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

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

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

30 March 2023

## Consolidated Statement of Profit or Loss

For the year ended 31 December 2022  
(In RMB millions, unless otherwise stated)

	Notes	2022	2021
Interest income	6	1,280,376	1,162,218
Interest expense	6	(586,689)	(471,538)
<b>NET INTEREST INCOME</b>	6	693,687	690,680
Fee and commission income	7	145,818	148,727
Fee and commission expense	7	(16,553)	(15,703)
<b>NET FEE AND COMMISSION INCOME</b>	7	129,265	133,024
Net trading income	8	8,610	8,955
Net gains on financial investments	9	6,315	16,440
Other operating income, net	10	3,564	11,781
<b>OPERATING INCOME</b>		841,441	860,880
Operating expenses	11	(240,884)	(236,227)
Impairment losses on assets	14	(182,419)	(202,623)
<b>OPERATING PROFIT</b>		418,138	422,030
Share of results of associates and joint ventures		4,427	2,869
<b>PROFIT BEFORE TAXATION</b>		422,565	424,899
Income tax expense	15	(61,527)	(74,683)
<b>PROFIT FOR THE YEAR</b>		361,038	350,216
Profit for the year attributable to:			
Equity holders of the parent company		360,483	348,338
Non-controlling interests		555	1,878
<b>PROFIT FOR THE YEAR</b>		361,038	350,216
<b>EARNINGS PER SHARE</b>			
– Basic (RMB yuan)	18	0.97	0.95
– Diluted (RMB yuan)	18	0.97	0.95

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022  
(In RMB millions, unless otherwise stated)

	Note	2022	2021
Profit for the year		361,038	350,216
Other comprehensive income (after tax, net):	41		
(a) Items that will not be reclassified to profit or loss:			
(i) Changes in fair value of equity instruments designated as at fair value through other comprehensive income		(2,968)	(1,180)
(ii) Other comprehensive income recognised under the equity method		(25)	15
(iii) Other		13	28
(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		(24,375)	1,623
(ii) Credit losses of debt instruments measured at fair value through other comprehensive income		3,831	1,827
(iii) Cash flow hedging reserve		1,284	442
(iv) Other comprehensive income recognised under the equity method		(313)	541
(v) Foreign currency translation reserve		21,345	(12,353)
(vi) Other		(1,975)	885
Subtotal of other comprehensive income for the year		(3,183)	(8,172)
Total comprehensive income for the year		357,855	342,044
Total comprehensive income for the year attributable to:			
Equity holders of the parent company		356,711	340,089
Non-controlling interests		1,144	1,955
		357,855	342,044

The accompanying notes form part of these consolidated financial statements.



## Consolidated Statement of Financial Position

As at 31 December 2022

(In RMB millions, unless otherwise stated)

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
Cash and balances with central banks	19	3,427,892	3,098,438
Due from banks and other financial institutions	20	1,042,504	827,150
Derivative financial assets	21	87,205	76,140
Reverse repurchase agreements	22	864,067	663,496
Loans and advances to customers	23	22,593,648	20,109,200
Financial investments	24	10,527,292	9,257,760
Financial investments measured at fair value through profit or loss		714,879	623,223
Financial investments measured at fair value through other comprehensive income		2,178,018	1,803,604
Financial investments measured at amortised cost		7,634,395	6,830,933
Investments in associates and joint ventures	26	65,878	61,782
Property and equipment	27	293,887	290,296
Deferred tax assets	28	101,600	79,259
Other assets	29	605,684	707,862
<b>TOTAL ASSETS</b>		<b>39,609,657</b>	<b>35,171,383</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2022  
(In RMB millions, unless otherwise stated)

	Notes	31 December 2022	31 December 2021
<b>LIABILITIES</b>			
Due to central banks		145,781	39,723
Due to banks and other financial institutions	31	3,185,564	2,921,029
Financial liabilities measured at fair value through profit or loss	32	64,126	87,180
Derivative financial liabilities	21	96,350	71,337
Repurchase agreements	33	574,778	365,943
Certificates of deposit	34	375,452	290,342
Due to customers	35	29,870,491	26,441,774
Income tax payable		85,581	92,443
Debt securities issued	36	905,953	791,375
Deferred tax liabilities	28	3,800	5,624
Other liabilities	37	787,955	789,355
<b>TOTAL LIABILITIES</b>		<b>36,095,831</b>	<b>31,896,125</b>
<b>EQUITY</b>			
Equity attributable to equity holders of the parent company			
Share capital	38	356,407	356,407
Other equity instruments	39	354,331	354,331
Preference shares		134,614	134,614
Perpetual bonds		219,717	219,717
Reserves	40	1,016,896	926,375
Retained profits		1,767,537	1,620,642
		3,495,171	3,257,755
Non-controlling interests		18,655	17,503
<b>TOTAL EQUITY</b>		<b>3,513,826</b>	<b>3,275,258</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39,609,657</b>	<b>35,171,383</b>

**Chen Siqing**  
Chairman

**Liao Lin**  
Vice Chairman  
and President

**Wang Gang**  
Person in charge of  
Finance and Accounting Department

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2022  
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
	Reserves													
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2022	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
Profit for the year	-	-	-	-	-	-	-	-	-	-	360,483	360,483	555	361,038
Other comprehensive income	-	-	-	-	-	(23,542)	20,808	1,256	(2,294)	(3,772)	-	(3,772)	589	(3,183)
Total comprehensive income	-	-	-	-	-	(23,542)	20,808	1,256	(2,294)	(3,772)	360,483	356,711	1,144	357,855
Dividends – ordinary shares 2021 final (Note 17)	-	-	-	-	-	-	-	-	-	-	(104,534)	(104,534)	-	(104,534)
Distributions to other equity instrument holders (Note 17)	-	-	-	-	-	-	-	-	-	-	(14,810)	(14,810)	-	(14,810)
Appropriation to surplus reserve (i)	-	-	-	35,318	-	-	-	-	-	35,318	(35,318)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	57,767	-	-	-	-	57,767	(57,767)	-	-	-
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(28)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(319)	-	-	-	(319)	319	-	-	-
Other	-	-	(423)	-	-	-	1,950	-	-	1,527	(1,478)	49	36	85
Balance as at 31 December 2022	356,407	354,331	148,280	392,487	496,719	767	(17,241)	(2,987)	(1,129)	1,016,896	1,767,537	3,495,171	18,655	3,513,826

- (i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB68 million and RMB907 million, respectively.
- (ii) Includes the appropriation to general reserve made by subsidiaries in the amounts of RMB4,196 million.

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022  
(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company													
	Reserves													
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2021	356,407	225,819	148,640	322,911	339,701	22,377	(27,882)	(4,725)	(304)	800,718	1,510,558	2,893,502	16,013	2,909,515
Profit for the year	-	-	-	-	-	-	-	-	-	-	348,338	348,338	1,878	350,216
Other comprehensive income	-	-	-	-	-	1,917	(12,117)	482	1,469	(8,249)	-	(8,249)	77	(8,172)
Total comprehensive income	-	-	-	-	-	1,917	(12,117)	482	1,469	(8,249)	348,338	340,089	1,955	342,044
Dividends – ordinary shares 2020 final (Note 17)	-	-	-	-	-	-	-	-	-	-	(94,804)	(94,804)	-	(94,804)
Distributions to other equity instrument holders (Note 17)	-	-	-	-	-	-	-	-	-	-	(9,607)	(9,607)	-	(9,607)
Appropriation to surplus reserve (i)	-	-	-	34,258	-	-	-	-	-	34,258	(34,258)	-	-	-
Appropriation to general reserve (ii)	-	-	-	-	99,251	-	-	-	-	99,251	(99,251)	-	-	-
Capital injection by other equity instrument holders	-	139,730	-	-	-	-	-	-	-	-	-	139,730	-	139,730
Capital reduction by other equity instrument holders	-	(11,218)	63	-	-	-	-	-	-	63	-	(11,155)	-	(11,155)
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(465)	(465)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	334	-	-	-	334	(334)	-	-	-
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

(i) Includes the appropriation to surplus reserve made by overseas branches and subsidiaries in the amounts of RMB56 million and RMB1,764 million, respectively.

(ii) Includes the appropriation to general reserve made by overseas branches and subsidiaries in the amounts of RMB47 million and RMB1,746 million, respectively.

The accompanying notes form part of these consolidated financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2022  
(In RMB millions, unless otherwise stated)

	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		422,565	424,899
Adjustments for:			
Share of results of associates and joint ventures		(4,427)	(2,869)
Depreciation		30,319	28,194
Amortisation	11	3,721	3,125
Impairment losses on assets	14	182,419	202,623
Unrealised losses/(gains) on foreign exchange		8,870	(22,300)
Interest expense on debt securities issued		28,067	27,673
Accreted interest on impaired loans		(1,695)	(1,964)
Net gains on financial investments		(22,850)	(18,349)
Interest income on financial investments		(298,722)	(262,827)
Net losses/(gains) on changes in fair value		11,558	(14,473)
Net gains on disposal and stocktake of property and equipment and other assets (other than repossessed assets)		(1,548)	(2,077)
Dividend income	9	(4,072)	(3,388)
		354,205	358,267
Net (increase)/decrease in operating assets:			
Due from central banks		(147,741)	155,880
Due from banks and other financial institutions		(4,067)	157,890
Financial assets measured at fair value through profit or loss		(45,211)	143,496
Reverse repurchase agreements		(100,215)	99,863
Loans and advances to customers		(2,511,204)	(2,184,611)
Other assets		60,745	(43,570)
		(2,747,693)	(1,671,052)
Net (decrease)/increase in operating liabilities:			
Financial liabilities measured at fair value through profit or loss		(11,808)	(853)
Due to central banks		105,849	(15,161)
Due to banks and other financial institutions		193,899	158,557
Repurchase agreements		186,956	77,427
Certificates of deposit		62,306	(37,420)
Due to customers		3,194,252	1,261,998
Other liabilities		155,187	311,773
		3,886,641	1,756,321
Net cash flows from operating activities before taxation		1,493,153	443,536
Income tax paid		(88,496)	(82,654)
Net cash flows from operating activities		1,404,657	360,882

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022  
(In RMB millions, unless otherwise stated)

	Note	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment and other assets		(23,128)	(27,584)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)		10,018	13,008
Purchases of financial investments		(4,415,567)	(3,344,684)
Proceeds from sale and redemption of financial investments		3,192,493	2,423,298
Investments in associates and joint ventures		(3,314)	(21,207)
Proceeds from disposal of associates and joint ventures		2,811	206
Investment returns received		326,066	282,407
Net cash flows from investing activities		(910,621)	(674,556)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of other equity instruments		–	139,793
Proceeds from issuance of debt securities		955,862	835,441
Interest paid on debt securities		(25,721)	(26,320)
Repayment of debt securities		(870,573)	(836,623)
Cash payment for redemption of other equity instruments		–	(11,155)
Dividends paid on ordinary shares		(104,534)	(94,804)
Dividends or interest paid to other equity instrument holders		(14,810)	(9,607)
Dividends paid to non-controlling shareholders		(28)	(465)
Cash payment for other financing activities		(4,985)	(7,813)
Net cash flows from financing activities		(64,789)	(11,553)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the year		1,436,757	1,791,122
Effect of exchange rate changes on cash and cash equivalents		60,847	(29,138)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	42	1,926,851	1,436,757
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:</b>			
Interest received		1,040,678	939,737
Interest paid		(451,918)	(351,322)

The accompanying notes form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

## 1. CORPORATE INFORMATION

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

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

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

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

## 2. BASIS OF PREPARATION

### (1) Statement of compliance

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

### (2) Basis of preparation of the financial statements

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, and certain non-financial assets measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed in Note 5.



### 3. APPLICATION OF THE NEW AND AMENDMENTS TO IFRSs

#### (1) Mandatory amendments to IFRSs effective for the current year

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's consolidated financial statements:

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRSs: Annual Improvements to IFRSs 2018-2020

The adoption of the above-mentioned amendments to IFRSs has had no material impact on the financial position and financial performance of the Group.

#### (2) Issued but not yet effective IFRSs and amendments to IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

- IFRS 17: Insurance Contracts and the related Amendments<sup>1</sup>
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>2</sup>
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback<sup>3</sup>
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current<sup>3</sup>
- Amendments to IAS 1: Non-current Liabilities with Covenants<sup>3</sup>
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies<sup>1</sup>
- Amendments to IAS 8: Definition of Accounting Estimates<sup>1</sup>
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

Further information about those changes that are expected to affect the Group:

### ***IFRS 17 Insurance Contracts and the related amendments***

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for *insurance contracts* with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general 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.

In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Amendment to IFRS 17 *Initial Application of IFRS 17 and IFRS 9 – Comparative Information* to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 is to be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

The adoption of the new and revised IFRS is expected to have no material impact on the financial position and financial performance of the Group.

### ***Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The adoption of the amendment is expected to have no material impact on the financial position and financial performance of the Group.

Other new and 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.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Functional currency and foreign currency translation

#### *Functional currency*

The functional currency of the Group's domestic establishments is Renminbi ("RMB"). The overseas establishments determine their own functional currencies which best represent the economic environment they operate in. These financial statements are presented in RMB millions except when otherwise indicated.

#### *Foreign currency translation*

Foreign currency transactions are initially recorded in the functional currency using the exchange rates at the dates of the transactions or deemed exchange rates. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the applicable exchange rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items at period end rates are recognised in profit or loss, with the exception that they are taken directly to other comprehensive income when the monetary items are designated as part of the hedge of the Bank's net investment in a foreign entity, and the aggregate exchange differences are not recognised in profit or loss until the disposal of such net investment.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as foreign assets and liabilities of the foreign operation and translated at the deemed rates at the end of the reporting period. The exchange differences are recognised in profit or loss or in other comprehensive income, depending on the nature of non-monetary items.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the exchange rates ruling at the end of the reporting period. For overseas business not operating in a hyperinflationary economy, all items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated using the exchange rates at the date of the transactions or deemed exchange rates. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss. The effect of exchange rate changes on cash and cash equivalents is presented separately in the statement of cash flows.

### (2) Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual or other arrangements.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, investments in subsidiaries are stated at cost less impairment losses.

### (3) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to a parent.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated statement of equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

### (4) Associates and joint ventures

An associate is an entity in which the Group has significant influence. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement. Other than those measured at fair value through profit or loss, the Group's investments in associates or joint ventures are accounted for using the equity method.

Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Unrealised profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not re-measured. Instead, the investment continues to be accounted under the equity method, and vice versa.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses.

### (5) Business combination and goodwill

Business combinations are accounted for by applying the acquisition method. The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether the acquired set of assets is not a business. If the concentration test is met, the set of assets is determined not to be a business; otherwise, the Group shall then perform an assessment in accordance with the requirements of business. The consideration transferred is measured at acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the combination are recognised in profit or loss when incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives from host contracts of the acquiree.

If the business combination is achieved in stages, the acquirer's previously-held equity interest in the acquiree is re-measured to the acquisition date fair value through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is classified as a financial asset or financial liability, is recognised in profit or loss. If the contingent consideration is classified as equity, it shall not be re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and the fair value of the acquirer's previously-held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets and liabilities acquired. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as gains on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at year end date. For the purpose of impairment testing, goodwill arising in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in subsequent period.

Where goodwill forms part of a CGU or group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU or group of CGUs retained.

## (6) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

## **(7) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### ***(i) Initial recognition and measurement of financial instruments***

At initial recognition, financial assets and financial liabilities are measured at fair value. For financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL"), any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial recognised value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date (including the condition of the asset; and restrictions, if any, on the sale or use of the asset), and use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. The adopted valuation techniques mainly include market approach, income approach and cost approach.

### ***(ii) Classification and subsequent measurement of financial assets***

#### **Classification of financial assets**

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVTOCI"), or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis, and the relevant investment should meet the definition of equity instrument from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the above contractual cash flows characteristics.

### **Subsequent measurement of financial assets**

#### ***Financial assets measured at FVTPL***

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

#### ***Financial assets measured at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, amortised or impaired.

#### ***Debt instruments measured at FVTOCI***

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

#### ***Equity instruments measured at FVTOCI***

These assets are subsequently measured at fair value. Dividend income is recognised in profit or loss for the period. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

### ***(iii) Classification and subsequent measurement of financial liabilities***

Financial liabilities are classified as measured at FVTPL and other financial liabilities.

#### **Financial liabilities measured at FVTPL**

A financial liability is classified as measured at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses (including any interest expense) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.



For the financial liabilities measured at FVTPL, the gains and losses from changes in fair value of the financial liability arising from changes in the Group's own credit risk are included in other comprehensive income; other changes in fair value of the financial liabilities are recognised in profit or loss for the period. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss, the Group shall recognise the entire gains or losses of the financial liabilities (including the amount of the impact of changes in its own credit risk) in profit and loss. When these liabilities are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from reserve to retained earnings.

### Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### **(iv) Financial instruments reclassification**

The Group will reclassify all related financial assets when it changes its business model for managing financial assets, and the reclassification applies prospectively from the reclassification date (the first day of the first reporting period following the change in business model).

### **(8) Trade date accounting**

All regular way purchases and sales of financial assets are recognised at the trade date, which is the date that the Group commits to purchase or sell the assets. A regular way purchase or sale is the purchase or sale of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the marketplace.

### **(9) Presentation of financial instruments**

Financial assets and financial liabilities are generally presented separately in the statement of financial position and shall not be offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts; and
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

### **(10) Impairment of financial assets**

The Group recognises loss allowances for expected credit loss ("ECL") on:

- financial assets measured at amortised cost;
- debt instruments measured at FVTOCI; and
- loan commitments and financial guarantee contracts.

Financial assets measured at fair value, including debt or equity instruments measured at FVTPL, equity instruments designated as at FVTOCI and derivative financial assets, are not subject to ECL assessment.

### **Measurement of ECL**

ECL is a probability-weighted amount that is determined with the respective risks of default occurring as the weight. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group's method of measuring ECL of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into the following three stages and provides provisions for ECL accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

Stage 1: A financial instrument of which the credit risk has not significantly increased since initial recognition. The amount that equals to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount that equals to lifetime ECL is recognised as loss allowance. Refer to Note 50(a) credit risk for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount that equals to lifetime ECL is recognised as loss allowance. Refer to Note 50(a) credit risk for the definition of credit-impaired financial assets.

### ***Presentation of allowance for ECL***

ECL is re-measured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises impairment gains or losses for financial instruments measured at amortised cost with a corresponding adjustment to their carrying amount through allowance for impairment loss. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income, which does not decrease the carrying amount of the financial assets. The Group recognises loss allowance for loan commitments and financial guarantee contracts through other liabilities (provisions for credit commitments).

### ***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

## **(11) Modification of financial assets contracts**

In some cases (such as renegotiating loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess whether or not the new contractual terms are substantially different to the original terms. If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset under the revised terms. If the renegotiation or modification does not result in derecognition, but leads to changes in contractual cash flows, when assessing whether a significant increase in credit risk has occurred, the Group compares the risk of a default occurring under the revised terms as at the end of the reporting period with that as at the date of initial recognition under original terms.

## **(12) Derecognition of financial assets and liabilities**

### ***Derecognition of financial assets***

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to the eventual recipients and meanwhile meet the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Securitisation**

As part of its operational activities, the Group securitises credit assets. When a securitisation of financial assets does not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration paid by third parties are recorded as a financial liability; when the securitisation of financial assets partially qualifies for derecognition, the Group continues to recognise the transferred assets to the extent of its continuing involvement, and derecognises the remaining portion. The carrying amount of the transferred assets is apportioned between the derecognised portion and the retained portion based on their relative fair values, and the difference between the carrying amount of the derecognised portion and the total consideration paid for the derecognised portion is recorded in profit or loss.

### **Sales of assets on condition of repurchase**

The derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase, the Group will derecognise the financial asset.

### ***Derecognition of financial liabilities***

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

## **(13) Derivatives and hedge accounting**

### ***Derivatives***

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

If the host contract included in the hybrid contract is a financial asset, the embedded derivative is no longer split from the main contract of the financial asset, and the hybrid financial instrument as a whole is related to the classification of the financial asset provision. If the host contract included in the hybrid contract is not a financial asset, when the embedded derivative's economic characteristics and risks are not closely related to those of the host contract, those separate instruments with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid instrument is not carried at FVTPL, derivatives embedded in other financial instruments should be split from the hybrid contract and treated as separate derivatives. These embedded derivatives are measured at fair value with the changes in fair value recognised in profit or loss.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

### ***Hedge accounting***

At the inception of a hedging relationship, the Group formally designates the hedging instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group would rebalance the hedging relationship.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss.

### ***Fair value hedges***

Fair value hedges are hedges of the Group's exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedging for the risk exposure from fair value change of non-trading equity investment designated as at FVTOCI. For fair value hedges, the carrying amount of the hedged item not already measured at fair value is adjusted for the gain or loss attributable to the risk being hedged and is taken to profit or loss or other comprehensive income. The gains or losses for hedging instrument re-measured at fair value are taken to profit or loss or other comprehensive income.

When the hedged item in a fair value hedge is measured at amortised cost, any hedge adjustment to its carrying amount is amortised to profit or loss. The amortisation is based on a recalculated effective interest rate at the date when amortisation begins.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognised, the unamortised adjustment to carrying amount is recorded in profit or loss.

### ***Cash flow hedges***

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a component of any such item, and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gains or losses existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

### ***Net investment hedges***

A net investment hedge is a hedge of the currency risk of a net investment in a foreign institution operation.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in other comprehensive income; the gain or loss relating to the ineffective portion is recognised in profit or loss immediately. Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of as part of the gains or losses on the disposal.

## **(14) Repurchase and reverse repurchase transactions (including securities borrowing and lending)**

Assets sold under agreements to repurchase at a specified future date ("repos") are not derecognised from the statement of financial position. The corresponding cash received, including accrued interest, is recognised on the statement of financial position as a "repurchase agreement". The difference between the sale and repurchase prices is treated as an interest expense and is amortised over the life of the agreement using the effective interest method.

Conversely, assets purchased under agreements to resell at a specified future date ("reverse repos") are not recognised on the statement of financial position. The corresponding cash paid, including accrued interest, is recognised on the statement of financial position as a "reverse repurchase agreement".

According to the policy of classification of financial assets, the reverse repurchase agreements held by the Group were divided into different classifications according to the entity's business model for managing the financial instruments and the contractual cash flow characteristics of the assets: financial assets measured at amortised cost and financial assets measured at FVTPL. The difference between the purchase and resale prices of reverse repurchase agreements measured at amortised cost is treated as an interest income and is amortised over the life of the agreement using the effective interest method.

Securities borrowing and lending transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised in the statement of financial position, unless they are then sold to third parties, in which case the obligation to return the securities is recorded as a financial liability held for trading and measured at fair value with any gains or losses included in profit or loss.

## (15) Insurance contracts

### *Insurance contracts classification*

The Group's insurance subsidiary executes the contract with the policyholder. Where the Group undertakes insurance risk (other than financial risk) transferred from the policyholders, the contract is classified as an insurance contract. Insurance risk refers to the risk that the combined cost of claims, administration and policy acquisitions may exceed the aggregate amount of premiums received and investment income over time. Where the Group undertakes the risks other than insurance risk, the contract is classified as a non-insurance contract. Where the Group undertakes both insurance risk and other risks, forming a contract with mixed risks, the following stipulations are applied:

- (i) where the insurance risk and other risks can be distinguished from each other and separately measured, the insurance risk is separated from other risks. The insurance risk is accounted for as an insurance contract and other risks are accounted for according to the relevant accounting standards;
- (ii) where the insurance risk and other risks cannot be distinguished from each other, or can be distinguished but cannot be separately measured, an umbrella contract applies and a significant insurance risk test shall be performed based on it. If the insurance risk is significant, the contract is accounted for as an insurance contract; otherwise, it is accounted for as a non-insurance contract.

### *Insurance income recognition*

Insurance premium income is recognised when:

- (i) the insurance contract is issued, and related insurance risk is taken on by the Group;
- (ii) the related economic benefits are likely to flow to the Group; and
- (iii) related income can be reliably measured.

### *Insurance contract liabilities*

When measuring insurance contract liabilities, the Group classifies insurance contracts whose insurance risks are of similar nature as a measurement unit. Insurance contract liabilities are measured based on a reasonably estimated amount of payment that the Group is obliged to pay to fulfill relevant obligations under the insurance contract. At the end of each reporting period, the adequacy of liability is tested. If the insurance contract liabilities re-calculated with the insurance actuarial method exceed their carrying amounts on the date of the liability adequacy test, an additional provision shall be made for the respective insurance contract liabilities based on the difference. Otherwise, no adjustment is made to the respective insurance contract liabilities.

## (16) Leases

A lease is when the lessor conveys the right to control the use of an asset for a period of time in exchange for the consideration of the lessee.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly in a contract and should be physically distinct, or a capacity portion or other portion of an asset that is not physically distinct but represents all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more than one separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. However, for the leases in which the Group is a lessee, the Group has elected not to separate lease components from non-lease components and accounts for the lease and non-lease components as a single lease component.

## **(i) As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4(23).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Each institution of the Group uses an interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as the incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group re-measures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.



**(ii) As a lessor**

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The impairment and derecognition of the finance lease receivable are recognised in accordance with the accounting policy in Note 4(10) and 4(12). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

**(17) Financial guarantee contracts**

The Group issues financial guarantee contracts, including letters of credit, letters of guarantee and acceptance. These financial guarantee contracts provide for specified payments to be made to reimburse the holders for the losses they incur when a guaranteed party defaults under the original or modified terms of a debt instrument, loan or any other obligation.

The Group initially measures all financial contracts at fair value, in other liabilities, being the premium received. This amount is recognised ratably over the period of the contract as fee and commission income. Subsequently, the liabilities are measured at the higher of the amount of the loss allowance determined in accordance with impairment policies of financial instruments and the amount initially recognised less the cumulative amount of income. Any increase in the liability relating to a financial guarantee is taken to the statement of profit or loss.

**(18) Fiduciary activities**

When the Group acts in a fiduciary capacity such as custodian or agent, assets arising thereon together with related undertakings to return such assets to customers are excluded from the statement of financial position.

The asset custody services of the Group refer to the business that the Group as trustee approved by regulatory authorities, signs custody agreement with clients and takes the responsibility of trustee in accordance with relevant laws and regulations. The assets under custody are not recorded on the statement of financial position as the Group merely fulfils the responsibility as trustee and charges fees in accordance with these agreements without retaining any risks or rewards of the assets under custody.

The Group grants entrusted loans on behalf of trustors, which are recorded off-balance sheet. The Group, as a trustee, grants such entrusted loans to borrowers under the direction of those trustors who fund these loans. The Group has been contracted by those trustors to manage the administration and collection of these loans on their behalf. Those trustors determine both the underwriting criteria for and the terms of all entrusted loans including their purposes, amounts, interest rates, and repayment schedules. The Group charges a commission related to its activities in connection with entrusted loans which are recognised ratably over the period in which the service is provided. The risk of loss is borne by those trustors.

## (19) Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the statement of profit or loss.

The Group records the precious metals received as an asset. A liability to return the amount of precious metals deposited is also recognised. The precious metals deposited with the Group are measured at fair value both on initial recognition and in subsequent measurement.

## (20) Property and equipment

Property and equipment, other than construction in progress are stated at costs less accumulated depreciation and any impairment loss. The cost of an item of property and equipment comprises its purchase price, tax and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement.

Construction in progress comprises the direct costs of construction during the period of construction and is not depreciated. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment, less any estimated residual value, over the estimated useful life. The estimated useful life, estimated residual value and the annual depreciation rate of each item of property and equipment (excluding aircraft and vessels) are as follows:

	Estimated useful life	Estimated residual value rate	Annual depreciation rate
Properties and buildings	5 – 50 years	0% – 3%	1.94% – 20%
Office equipment and motor vehicles (excluding aircraft and vessels)	2 – 7 years	–	14.29% – 50%
Leasehold improvements		The shorter of the economic useful lives and remaining lease terms	

Equipment under operating leases where the Group is the lessor contains aircraft, aircraft engines and vessels. The estimated useful lives and depreciation methods are determined according to the conditions of individual aircraft and vessel. The residual values are assessed by an independent appraiser based on historical data. The estimated useful lives range from 15 to 25 years.

For an impaired fixed asset, the depreciation is calculated based on the carrying value less the cumulative impairment loss.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

## (21) Land use rights

Land use rights are recognised at cost, being the fair value at the time of injection from the central government of the PRC (the "Government") during the Group's restructuring or the consideration paid. The rights are amortised using the straight-line method over the periods of the leases. When the prepaid land lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the costs of properties and buildings as finance leases in property and equipment.

## (22) Repossessed assets

Repossessed assets are initially recognised at fair value of assets not retained plus related costs, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

## (23) Non-financial asset impairment

The Group assesses at the end of each reporting period whether there is any indication that property and equipment, land use rights, right-of-use assets, associates and joint ventures and other non-financial assets may be impaired. If any such indication exists, or when impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined on an individual basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. Where the gross carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing value in use of an asset, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Any such reversal is recognised in profit or loss. After such a reversal, the depreciation or amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## (24) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. When the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. When determining the best estimate, the Group considers factors pertaining to a contingency such as risks, uncertainties and time value of money. Where there is a range of possible outcome, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- where the contingency involves a single item, the best estimate is the most likely outcome;
- where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the end of reporting period. The carrying amount is adjusted to the current best estimate.

## **(25) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

## **(26) Convertible instruments**

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the value of any embedded derivatives other than the equity component). Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at FVTPL. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, are transferred to equity. If the convertible instrument is redeemed, the consideration paid and transaction fees for the redemption are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or directly recognised in equity if it relates to the equity component.

## **(27) Preference shares and perpetual bonds**

At initial recognition, the Group classifies the preference shares, perpetual bonds issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments. Preference shares and perpetual bonds issued containing both equity and liability components are accounted for using the accounting policy for convertible instruments containing an equity component.

Preference shares and perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instrument's duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redeemed amount is charged to equity.

## **(28) Cash and cash equivalents**

Cash and cash equivalents refer to monetary assets, which are short-term, highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash, unrestricted balances with central banks, amounts due from banks and other financial institutions and reverse repurchase agreements with original maturity of less than three months.

## (29) Revenue recognition

### **Interest income**

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVTOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, where appropriate, to the gross carrying amount of the financial asset, or the amortised cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is recognised as interest income, except for:

- (i) purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost; and
- (ii) purchased or originated financial assets that are not credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets quality improve so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

### **Fee and commission income**

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

- (i) The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:
  - the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
  - the customer controls the service provided by the Group in the course of performance; or
  - the Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.
- (ii) In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

### **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established, it is probable that the related economic benefits will flow to the Group and the related income can be reliably measured.

## (30) Employee benefits

Employee benefits refer to all forms of consideration and other related expenditure given by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered services to the Group. If the effect of discounting the benefits payable which are payable after one year from the end of the reporting period is significant, the Group will present them at their present value.

### ***Short-term employee benefits***

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

All eligible employees outside Chinese mainland participate in local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies and charge to profit or loss or included in the cost of assets where appropriate.

### ***Post-employment benefits-defined contribution plans***

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance and unemployment insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance and unemployment insurance contributions are recognised as liabilities with a corresponding charge to profit or loss or included in the cost of assets where appropriate as the related services are rendered by the employees.

In addition, employees in Chinese mainland also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits. The contribution is charged to profit or loss when it is incurred.

### ***Termination benefits***

Termination benefits are payable as a result of either the Group's decision to terminate an employee's employment before the due date of labor contract or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits in profit or loss at the earlier of:

- when the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- when the Group has a specific, formal restructure plan involving payment of termination benefits, and the plan has started or informed each affected party about the influence of the plan, therefore each party formed reasonable expectations.

### ***Early retirement benefits***

According to the Bank's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Bank. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss.

## **(31) Income tax**

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except that it relates to items recognised directly in equity, in which case it is recognised in equity.

### ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of each reporting period.

### **Deferred tax**

Deferred tax is provided using the balance sheet liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the taxable temporary difference arises from the initial recognition of goodwill;
- (ii) where the taxable temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income (or deductible expenses).

In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax liabilities are recognised except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except that deferred tax assets are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction and that:

- (i) transaction is not a business combination;
- (ii) at the time of the transaction, it affects neither the accounting profit nor taxable income (or deductible expenses).

In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, and reflect the corresponding tax effect.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **(32) Dividends**

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. A dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.



## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions of the effects of uncertain future events on the financial statements. The most significant use of judgements, estimates and assumptions concerning the uncertainty of the future at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

### Measurement of the ECL allowance

The measurement of the ECL allowance for financial assets measured at amortised cost and FVTOCI, and with exposure arising from loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Refer to Note 50(a) credit risk for the explanation of the inputs, assumptions and estimation techniques used in measuring ECL.

### Income tax

Determining income tax provisions requires the Group to estimate the future tax treatment of certain transactions. The Group evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

### Fair value of financial instruments

If the market for a financial instrument is not active, the Group determines the fair value by using valuation technique, including using recent arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Valuation technique makes maximum use of observable market input. However, where observable market inputs are not available, management makes estimates on such unobservable market inputs.

### Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 4(2) indicate that the Group controls securitisation vehicles, wealth management products, investment funds, trust plans, asset management plans and asset-backed securities.

### **Securitisation vehicles**

Certain securitisation vehicles sponsored by the Group under its securitisation programme are run according to predetermined criteria at the initial set up of the vehicles. In addition, the Group is exposed to variability of returns from the vehicles through holding interests in the vehicles and the day-to-day servicing of the underlying assets in the vehicles which is carried out by the Group under a servicing contract. Key decisions are usually required only when underlying assets go into default. Therefore, in considering whether it has control, the Group considers whether it can use its power to influence these vehicles' returns.

### **Wealth management products, investment funds, trust plans, asset management plans and asset-backed securities**

The Group acts as manager or investor in a number of wealth management products, investment funds, trust plans, asset management plans and assets-backed securities. When assessing whether the Group controls such a structured entity, the Group would determine whether it exercises the decision-making rights as a principal or an agent and usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. The Group would also determine whether another entity with decision-making rights is acting as an agent for it.

## **6. NET INTEREST INCOME**

	2022	2021
Interest income on:		
Loans and advances to customers	900,149	832,136
Corporate loans and advances	507,252	467,973
Personal loans	376,950	353,733
Discounted bills	15,947	10,430
Financial investments	298,722	262,827
Due from central banks	45,425	42,027
Due from banks and other financial institutions (i)	36,080	25,228
	1,280,376	1,162,218
Interest expense on:		
Due to customers	(480,083)	(397,625)
Due to banks and other financial institutions (ii)	(70,732)	(44,387)
Debt securities issued and certificates of deposit	(35,874)	(29,526)
	(586,689)	(471,538)
Net interest income	693,687	690,680

(i) Includes interest income on reverse repurchase agreements.

(ii) Includes interest expense on due to central banks and repurchase agreements.

The above interest income and expense are related to financial instruments which are not measured at fair value through profit or loss.

## 7. NET FEE AND COMMISSION INCOME

	2022	2021
Fee and commission income on:		
Settlement, clearing business and cash management	45,439	41,270
Personal wealth management and private banking services	26,253	30,001
Investment banking business	19,586	22,416
Bank card business	17,736	16,679
Corporate wealth management services	14,172	15,165
Guarantee and commitment business	8,803	9,756
Asset custody business	8,709	8,738
Trust and agency services	1,894	1,808
Other	3,226	2,894
	145,818	148,727
Fee and commission expense	(16,553)	(15,703)
Net fee and commission income	129,265	133,024

Included in personal wealth management and private banking services, corporate wealth management services, asset custody business and trust and agency services above is an amount of RMB22,290 million (2021: RMB20,999 million) with respect to trust and other fiduciary activities for 2022.

## 8. NET TRADING INCOME

	2022	2021
Debt securities	5,638	6,781
Derivatives and other	5,332	2,370
Equity investments	(2,360)	(196)
	8,610	8,955

The above amounts mainly include gains and losses arising from the buying and selling of, the interest income and expense on, and the changes in fair value of financial assets and liabilities held for trading.

## 9. NET GAINS ON FINANCIAL INVESTMENTS

	2022	2021
Dividend income from equity investments designated as at FVTOCI, including:	4,072	3,388
Derecognised during the year	541	291
Held at the end of current year	3,531	3,097
(Losses)/gains on financial instruments measured at FVTPL, net, including:	(1,701)	10,739
Net losses on financial instruments designated as at FVTPL	(6,231)	(17,674)
Net gains on disposal of financial instruments measured at FVTOCI, net	3,047	2,084
Other	897	229
	6,315	16,440

## 10. OTHER OPERATING INCOME, NET

	2022	2021
Net premium income	48,327	46,024
Operating cost of insurance business	(51,867)	(49,706)
Net lease income	12,075	13,016
Net gains on disposal of property and equipment, repossessed assets and other assets	1,590	2,182
Other	(6,561)	265
	3,564	11,781

## 11. OPERATING EXPENSES

	2022	2021
Staff costs:		
Salaries and bonuses	93,376	90,250
Staff benefits	31,918	30,800
Post-employment benefits – defined contribution plans (i)	18,207	18,313
	143,501	139,363
Property and equipment expenses:		
Depreciation charge for property and equipment	15,976	14,596
Depreciation charge for right-of-use assets and other leasing expense	7,976	8,173
Repairs and maintenance charges	3,082	4,106
Utility expenses	2,000	1,947
	29,034	28,822
Amortisation	3,721	3,125
Other administrative expenses (ii)	27,457	26,539
Taxes and surcharges	10,100	9,318
Other	27,071	29,060
	240,884	236,227

(i) The defined contribution plans mainly include pension insurance, unemployment insurance and the annuity plan.

(ii) The principal auditor's remuneration of RMB192 million for the year (2021: RMB183 million) is included in other administrative expenses.

## 12. DIRECTORS' AND SUPERVISORS' REMUNERATION

Details of the directors' and supervisors' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance, are as follows:

Name	Position	Year ended 31 December 2022			
		Remuneration before tax paid RMB'000 (1)	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances RMB'000 (2)	Fees RMB'000 (3)	Total remuneration before tax RMB'000 (4)=(1)+(2)+(3)
Chen Siqing	Chairman, Executive Director	656	212	–	868
Liao Lin	Vice Chairman, Executive Director, President	656	212	–	868
Zheng Guoyu	Executive Director, Senior Executive Vice President	591	204	–	795
Wang Jingwu	Executive Director, Senior Executive Vice President, Chief Risk Officer	591	204	–	795
Lu Yongzhen	Non-executive Director	–	–	–	–
Feng Weidong	Non-executive Director	–	–	–	–
Cao Liquan	Non-executive Director	–	–	–	–
Chen Yifang	Non-executive Director	–	–	–	–
Dong Yang (i)	Non-executive Director	–	–	–	–
Anthony Francis Neoh	Independent Non-executive Director	–	–	520	520
Yang Siu Shun	Independent Non-executive Director	–	–	470	470
Shen Si	Independent Non-executive Director	–	–	485	485
Fred Zulu Hu	Independent Non-executive Director	–	–	433	433
Norman Chan Tak Lam (ii)	Independent Non-executive Director	–	–	140	140
Huang Li	Employee Supervisor	–	–	50	50
Zhang Jie	External Supervisor	–	–	250	250
Liu Lanbiao (iii)	External Supervisor	–	–	130	130
Huang Liangbo (iv)	Former Chairman of the Board of Supervisors	438	137	–	575
Zheng Fuqing (v)	Former Non-executive Director	–	–	–	–
Nout Wellink (vi)	Former Independent Non-executive Director	–	–	117	117
Zhang Wei (vii)	Former Shareholder Supervisor	325	85	–	410
Wu Xiangjiang (viii)	Former Employee Supervisor	–	–	50	50
Shen Bingxi (ix)	Former External Supervisor	–	–	–	–
Total		3,257	1,054	2,645	6,956

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

The total compensation packages for the Chairman of the Board of Directors, President, Chairman of the Board of Supervisors, Executive Directors, and Shareholder Supervisors of the Bank have not been finalised in accordance with the regulations of the PRC relevant authorities. The remuneration not yet accrued is not expected to have a significant impact on the Group's 2022 consolidated financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

In accordance with applicable national regulations, the incentive income for 2018-2020 was paid to the Chairman, the President and Senior Executive Vice President of the Bank in 2021 based on their specific tenure and performance appraisal results. Accordingly, the Bank accrued RMB16 thousand, RMB9 thousand and RMB7 thousand for Mr. Chen Siqing, Mr. Liao Lin and Mr. Wang Jingwu respectively, as additional contribution to the Annuity Plan in 2022.

Fees for Mr. Huang Li and Mr. Wu Xiangjiang are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system.

As at the approval date of the consolidated financial statements for the year ended 31 December 2022, changes of directors and supervisors of the Bank were as follows:

- (i) At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Dong Yang was elected as Non-executive Director of the Bank, and his qualification was approved by CBIRC in January 2022.
- (ii) At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Norman Chan Tak Lam was elected as Independent Non-executive Director of the Bank, and his qualification was approved by CBIRC in September 2022.
- (iii) At the Annual General Meeting for the Year 2021 held on 23 June 2022, Mr. Liu Lanbiao was elected as External Supervisor of the Bank, and his new term of office started from the day of approval at the Annual General Meeting.
- (iv) In September 2022, Mr. Huang Liangbo ceased to act as Shareholder Supervisor and Chairman of the Board of Supervisors of the Bank due to change of job assignments.
- (v) In January 2022, Mr. Zheng Fuqing ceased to act as Non-executive Director of the Bank due to expiration of his term of office.
- (vi) In March 2022, Mr. Nout Wellink ceased to act as Independent Non-executive Director of the Bank due to expiration of his term of office.
- (vii) In April 2022, Mr. Zhang Wei ceased to act as Shareholder Supervisor of the Bank due to his age.
- (viii) In January 2023, Mr. Wu Xiangjiang ceased to act as Employee Supervisor of the Bank due to his age.
- (ix) In June 2022, Mr. Shen Bingxi ceased to act as External Supervisor of the Bank due to expiration of his term of office.

Notes to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Name	Position	Year ended 31 December 2021						
		Fees RMB'000	Remuneration RMB'000	Discretionary bonuses RMB'000	Contribution by the employer to social insurance, housing allowance, annuities and additional medical insurances RMB'000	Total emoluments before tax RMB'000	Of which: deferred payment RMB'000	Actual amount of remuneration before tax paid RMB'000
		(1)	(2)	(3)	(4)	(5)=(1)+(2)+(3)+(4)	(6)	(7)=(5)-(6)
Chen Siqing	Chairman, Executive Director	-	375	519	201	1,095	-	1,095
Liao Lin (i)	Vice Chairman, Executive Director, President	-	372	515	197	1,084	-	1,084
Huang Liangbo (ii)	Chairman of the Board of Supervisors	-	187	260	100	547	-	547
Zheng Guoyu (iii)	Executive Director, Senior Executive Vice President	-	112	156	65	333	-	333
Wang Jingwu (iv)	Executive Director, Senior Executive Vice President, Chief Risk Officer	-	338	467	194	999	-	999
Lu Yongzhen	Non-executive Director	-	-	-	-	-	-	-
Feng Weidong	Non-executive Director	-	-	-	-	-	-	-
Cao Liqun	Non-executive Director	-	-	-	-	-	-	-
Chen Yifang (v)	Non-executive Director	-	-	-	-	-	-	-
Dong Yang (vi)	Non-executive Director	-	-	-	-	-	-	-
Anthony Francis Neoh	Independent Non-executive Director	520	-	-	-	520	-	520
Yang Siu Shun	Independent Non-executive Director	470	-	-	-	470	-	470
Shen Si	Independent Non-executive Director	470	-	-	-	470	-	470
Nout Wellink	Independent Non-executive Director	470	-	-	-	470	-	470
Fred Zulu Hu	Independent Non-executive Director	410	-	-	-	410	-	410
Zhang Wei	Shareholder Supervisor	-	615	1,341	278	2,234	538	1,696
Huang Li	Employee Supervisor	50	-	-	-	50	-	50
Wu Xiangjiang	Employee Supervisor	50	-	-	-	50	-	50
Shen Bingxi	External Supervisor	-	-	-	-	-	-	-
Zhang Jie (vii)	External Supervisor	24	-	-	-	24	-	24
Yang Guozhong (viii)	Former Chairman of the Board of Supervisors	-	63	86	33	182	-	182
Zheng Fuqing (ix)	Former Non-executive Director	-	-	-	-	-	-	-
Mei Yingchun (x)	Former Non-executive Director	-	-	-	-	-	-	-
Qu Qiang (xi)	Former External Supervisor	163	-	-	-	163	-	163
Total		2,627	2,062	3,344	1,068	9,101	538	8,563

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

The remuneration before tax of Directors and Supervisors for 2021 set out in the table above represents the total amount of annual remuneration for each of these individuals, which include the amounts disclosed in the 2021 Annual Report.

Pursuant to the PRC relevant regulations, a portion of the discretionary bonus payments for the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors and other senior management members are deferred and will be determined based on the future performance.



In accordance with applicable national regulations, the incentive income for 2018-2020 was paid to the Chairman, the President and Senior Executive Vice President of the Bank in 2021 based on their specific tenure and performance appraisal results. Accordingly, the Bank accrued RMB16 thousand, RMB9 thousand and RMB7 thousand for Mr. Chen Siqing, Mr. Liao Lin and Mr. Wang Jingwu respectively, as additional contribution to the Annuity Plan in 2021.

Fees for Mr. Huang Li and Mr. Wu Xiangjiang are their allowances obtained as Employee Supervisors of the Bank, excluding their remuneration with the Bank in accordance with the employee remuneration system.

As at the approval date of the consolidated financial statements for the year ended 31 December 2021, changes of directors and supervisors of the Bank were as follows:

- (i) On 25 February 2021, the Board of Directors elected Mr. Liao Lin as Vice Chairman of the Bank and appointed Mr. Liao Lin as President of the Bank, and his qualification was approved by CBIRC in March 2021. Mr. Liao Lin ceased to act as Chief Risk Officer of the Bank after he took office as President.
- (ii) At the First Extraordinary General Meeting of 2021 held on 29 July 2021, Mr. Huang Liangbo was elected as Shareholder Supervisor of the Bank, and his term of office as Shareholder Supervisor of the Bank started from the day of approval by the Shareholders' General Meeting, and his term of office as Chairman of the Board of Supervisors of the Bank took effect simultaneously.
- (iii) On 24 September 2021, the Board of Directors appointed Mr. Zheng Guoyu as Senior Executive Vice President of the Bank. At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Zheng Guoyu was elected as Executive Director of the Bank, and his qualification was approved by CBIRC in December 2021.
- (iv) At the First Extraordinary General Meeting of 2021 held on 29 July 2021, Mr. Wang Jingwu was elected as Executive Director of the Bank, and his qualification was approved by CBIRC in September 2021. On 24 September 2021, the Board of Directors appointed Mr. Wang Jingwu as Chief Risk Officer of the Bank.
- (v) At the Annual General Meeting for the Year 2020 held on 21 June 2021, Ms. Chen Yifang was elected as Non-executive director of the Bank, and her qualification was approved by CBIRC in August 2021.
- (vi) At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Dong Yang was elected as Non-executive Director of the Bank, and his qualification was approved by CBIRC in January 2022.
- (vii) At the Second Extraordinary General Meeting of 2021 held on 25 November 2021, Mr. Zhang Jie was elected as External Supervisor of the Bank, and his term of office as External Supervisor of the Bank started from the day of approval by the Shareholders' General Meeting.
- (viii) In March 2021, Mr. Yang Guozhong ceased to act as Shareholder Supervisor and Chairman of the Board of Supervisors of the Bank due to change of job assignments.
- (ix) In January 2022, Mr. Zheng Fuqing ceased to act as Non-executive Director of the Bank due to expiration of his term of office.
- (x) In February 2021, Ms. Mei Yingchun ceased to act as Non-executive Director of the Bank due to expiration of her term of office.
- (xi) In November 2021, Mr. Qu Qiang ceased to act as External Supervisor of the Bank due to change of job assignments.

The Non-executive Directors of the Bank who were recommended by Huijin received emoluments from Huijin in respect of their services during the year.

In 2022, there was no arrangement under which a Director or a Supervisor of the Bank waived or agreed to waive any remuneration (2021: None).

In 2022, no emolument was paid by the Group to any of the Directors or Supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office (2021: Nil).

### 13. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group are employees of the Bank's subsidiaries. Their emoluments were determined based on the prevailing market rates in the respective countries/regions where the subsidiaries are operating. None of them are directors, supervisors or key management personnel of the Bank whose emoluments are disclosed in Notes 12 and 48(g) to the consolidated financial statements. Details of the emoluments in respect of the five highest paid individuals are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and allowances	14,119	15,998
Discretionary bonuses	74,004	66,495
Other	78	349
	88,201	82,842

The number of these individuals whose emoluments fell within the following bands is set out below:

	Number of employees	
	2022	2021
RMB10,500,001 Yuan to RMB11,000,000 Yuan	–	1
RMB11,000,001 Yuan to RMB11,500,000 Yuan	–	1
RMB11,500,001 Yuan to RMB12,000,000 Yuan	1	1
RMB12,500,001 Yuan to RMB13,000,000 Yuan	1	–
RMB14,000,001 Yuan to RMB14,500,000 Yuan	1	–
RMB23,500,001 Yuan to RMB24,000,000 Yuan	1	1
RMB25,000,001 Yuan to RMB25,500,000 Yuan	1	1
	5	5

In 2022, no emolument was paid by the Group to any of these non-director and non-supervisor individuals as an inducement to join or upon joining the Group or as a compensation for loss of office (2021: Nil).

### 14. IMPAIRMENT LOSSES ON ASSETS

	2022	2021
Loans and advances to customers (Note 23)	143,173	168,267
Other	39,246	34,356
	182,419	202,623

## 15. INCOME TAX EXPENSE

### (a) Income tax expense

	2022	2021
Current income tax expense		
Chinese mainland	76,152	79,459
Hong Kong SAR and Macau SAR	1,898	1,768
Other overseas jurisdictions	3,584	1,950
	81,634	83,177
Deferred income tax expense	(20,107)	(8,494)
	61,527	74,683

### (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:

	2022	2021
Profit before taxation	422,565	424,899
Tax at the PRC statutory income tax rate	105,641	106,225
Effects of different applicable rates of tax prevailing in other countries/regions	(869)	(827)
Effects of non-deductible expenses (i)	18,135	22,319
Effects of non-taxable income (ii)	(58,688)	(51,427)
Effects of profits attributable to associates and joint ventures	(439)	(717)
Effects of other	(2,253)	(890)
Income tax expense	61,527	74,683

- (i) The non-deductible expenses mainly represent non-deductible impairment allowance and write-offs.
- (ii) The non-taxable income mainly represents interest income arising from the PRC government bonds and municipal debts.

## 16. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

The consolidated profit attributable to equity holders of the parent company for the year ended 31 December 2022 includes a profit of RMB346,056 million (2021: RMB323,100 million) which has been dealt with in the financial statements of the Bank (Note 52).

## 17. DIVIDENDS

	2022	2021
Dividends on ordinary shares declared and paid:		
Dividends on ordinary shares for 2021: RMB0.2933 per share (2020: RMB0.2660 per share)	104,534	94,804
Dividends or interests declared and paid to other equity instrument holders:		
Dividends on preference shares	5,797	6,047
Interests on perpetual bonds distributed	9,013	3,560
	14,810	9,607
Dividends on ordinary shares proposed for approval (not recognised as at 31 December):		
Dividends on ordinary shares for 2022: RMB0.3035 per share (2021: RMB0.2933 per share)	108,169	104,534

## 18. EARNINGS PER SHARE

	2022	2021
Earnings:		
Profit for the year attributable to equity holders of the parent company	360,483	348,338
Less: Profit for the year attributable to other equity instrument holders of the parent company	(14,810)	(9,607)
Profit for the year attributable to ordinary shareholders of the parent company	345,673	338,731
Shares:		
Weighted average number of ordinary shares in issue (in million shares)	356,407	356,407
Basic earnings per share (RMB yuan)	0.97	0.95
Diluted earnings per share (RMB yuan)	0.97	0.95

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.

## 19. CASH AND BALANCES WITH CENTRAL BANKS

	31 December 2022	31 December 2021
Cash on hand	66,340	62,872
Balances with central banks		
Mandatory reserves (i)	2,647,750	2,459,402
Surplus reserves (ii)	516,558	338,551
Fiscal deposits and other	195,604	236,211
Accrued interest	1,640	1,402
	3,427,892	3,098,438

- (i) The Group is required to place mandatory reserve deposits and other restricted deposits with the PBOC and certain central banks of overseas countries or regions where it has operations. They are not available for use in the Group's daily operations. As at 31 December 2022, the mandatory reserve deposits ratios of the domestic branches of the Bank in respect of customer deposits denominated in RMB and foreign currencies were 9.5% (31 December 2021: 10%) and 6% (31 December 2021: 9%) respectively. The mandatory reserve funds placed by domestic subsidiaries of the Group are determined by the PBOC. The amounts of mandatory reserve deposits placed with the central banks of those countries or regions outside Chinese mainland are determined by local jurisdictions.
- (ii) Surplus reserves with the PBOC include funds for the purpose of cash settlement and other kinds of unrestricted deposits.

## 20. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2022	31 December 2021
Deposits with banks and other financial institutions:		
Banks operating in Chinese mainland	232,042	243,440
Other financial institutions operating in Chinese mainland	14,556	10,508
Banks and other financial institutions operating outside Chinese mainland	116,014	90,511
Accrued interest	3,406	2,347
	366,018	346,806
Less: Allowance for impairment losses	(393)	(349)
	365,625	346,457
Placements with banks and other financial institutions:		
Banks operating in Chinese mainland	288,728	97,106
Other financial institutions operating in Chinese mainland	185,380	188,935
Banks and other financial institutions operating outside Chinese mainland	198,571	192,030
Accrued interest	5,273	3,364
	677,952	481,435
Less: Allowance for impairment losses	(1,073)	(742)
	676,879	480,693
	1,042,504	827,150

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments including forwards, swaps, options and futures.

The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amounts and fair values of derivative financial instruments held by the Group are set out below:

	31 December 2022			31 December 2021		
	Notional amounts	Fair values		Notional amounts	Fair values	
		Assets	Liabilities		Assets	Liabilities
Exchange rate contracts	4,310,971	52,249	(54,844)	5,107,815	44,956	(41,578)
Interest rate contracts	3,139,900	24,945	(23,760)	2,018,010	15,706	(15,457)
Commodity derivatives and other	937,006	10,011	(17,746)	975,169	15,478	(14,302)
	8,387,877	87,205	(96,350)	8,100,994	76,140	(71,337)

### (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 2022						
	Notional amounts with remaining maturity of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Interest rate swap contracts	886	3,137	4,085	–	8,108	203	(38)
Currency swap contracts	74,270	81,348	4,999	–	160,617	1,739	(3,561)
Equity and other derivatives	4,730	5,002	66	4	9,802	44	(126)
	79,886	89,487	9,150	4	178,527	1,986	(3,725)

	31 December 2021							
	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	64	2,878	5,283	127	8,352	8	(146)	
Currency swap contracts	47,204	43,049	1,391	–	91,644	436	(948)	
Equity and other derivatives	4,383	1,243	49	4	5,679	–	(96)	
	51,651	47,170	6,723	131	105,675	444	(1,190)	

Details of the Group's hedged risk exposures in cash flow hedges and the corresponding effect on equity are as follows:

	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
Debt securities (i)	34,288	(49,433)	184	345
Loans and advances to customers	623	–	8	–
Other (ii)	30,693	(60,418)	1,076	(3,340)
	65,604	(109,851)	1,268	(2,995)

- (i) Debt 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.

	31 December 2021			
	Carrying amount of hedged items		Hedging instruments	
	Assets	Liabilities	Effect on other comprehensive income during the current year	Accumulated effect on other comprehensive income
Debt securities (i)	19,617	(35,786)	192	161
Loans and advances to customers	4,708	–	74	(8)
Other (ii)	14,027	(28,533)	108	(4,416)
	38,352	(64,319)	374	(4,263)

- (i) Debt 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 2022 and 2021.

## (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:

	2022	2021
Gains/(losses) arising from fair value hedges, net:		
Hedging instruments	4,721	2,207
The hedged items	(4,752)	(2,258)
	(31)	(51)



## Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

Included in the above derivative financial instruments, those designated as hedging instruments in fair value hedges are interest rate swaps and the details are set out below:

	Notional amounts with remaining maturity of				Fair values		
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
31 December 2022	2,976	12,383	61,752	30,892	108,003	725	(94)
31 December 2021	4,623	7,187	41,439	21,108	74,357	627	(1,071)

Details of the Group's hedged risk exposures in fair value hedges are set out below:

	31 December 2022			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	89,761	(1,799)	(493)	105
Loans and advances to customers	4,780	–	(89)	–
Other (ii)	1,267	(6,528)	(10)	22
	95,808	(8,327)	(592)	127

(i) Debt 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 2021			
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged items	
	Assets	Liabilities	Assets	Liabilities
Debt securities (i)	62,768	(339)	21	(3)
Loans and advances to customers	2,441	–	(21)	–
Other (ii)	955	(6,954)	(1)	59
	66,164	(7,293)	(1)	56

(i) Debt 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, repurchase agreements and customer deposits.

### (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 2022, an accumulated net losses from the hedging instrument of RMB675 million was recognised in other comprehensive income (31 December 2021: accumulated net gains of RMB1,650 million). There was no ineffectiveness in profit or loss that arises from the net investment hedges in 2022 and 2021.

#### (d) Offsetting of financial instruments

In accordance with the principle of offsetting financial instruments, the Group offsets certain derivative financial assets and derivative financial liabilities, and presents the net amounts after offsetting in the financial statements.

	31 December 2022		31 December 2021	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Derivative financial assets	57,400	30,970	36,220	25,442
Derivative financial liabilities	60,494	34,064	41,792	31,014

#### (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 2022	31 December 2021
Counterparty credit default risk-weighted assets	116,655	126,653
Including: Non-netting settled credit default risk-weighted assets	80,534	120,128
Netting settled credit default risk-weighted assets	36,121	6,525
Credit value adjustment risk-weighted assets	40,729	67,911
Central counterparties credit risk-weighted assets	8,840	1,751
	166,224	196,315

The credit risk-weighted assets of derivative financial instruments were calculated with reference to Regulation Governing Capital of Commercial Banks (Provisional). The risk-weighted assets for counterparty credit risk of derivatives of the Group were calculated in accordance with the Rules on Measuring Derivative Counterparty Default Risk Assets since 1 January 2019.

## 22. REVERSE REPURCHASE AGREEMENTS

	31 December 2022	31 December 2021
Measured at amortised cost:		
Reverse repurchase agreements-bills	144,409	96,863
Reverse repurchase agreements-securities	564,615	409,047
Accrued interest	544	59
Less: Allowance for impairment losses	(475)	(128)
	709,093	505,841
Measured at FVTPL:		
Reverse repurchase agreements-securities	122,036	114,994
Cash advanced as collateral on securities borrowing	32,938	42,661
	154,974	157,655
	864,067	663,496

## Notes to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

- (i) Based on master repurchase agreements and related supplementary agreements, the Group offsets certain reverse repurchase agreements and repurchase agreements, and presents net asset (or liability) amounts as reverse repurchase agreements (or repurchase agreements) in the consolidated financial statements in accordance with the accounting policy of offsetting.

	31 December 2022		31 December 2021	
	Gross amounts	Net amounts	Gross amounts	Net amounts
Reverse repurchase agreements	200,039	108,815	236,536	104,765
Repurchase agreements	209,817	118,593	263,394	131,623

- (ii) As part of the reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners. As at 31 December 2022, the Group had received securities with a fair value of approximately RMB164,498 million on such terms (31 December 2021: RMB143,559 million). Of these, securities with a fair value of approximately RMB121,679 million had been repledged under repurchase agreements (31 December 2021: RMB107,698 million). The Group has an obligation to return the securities to its counterparties at the maturity of the contract. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral.

## 23. LOANS AND ADVANCES TO CUSTOMERS

### 23.1 Loans and advances to customers by type of measurement:

	31 December 2022	31 December 2021
Measured at amortised cost:		
Corporate loans and advances	13,813,025	12,181,841
– Loans	13,614,804	12,000,191
– Finance lease	198,221	181,650
Personal loans	8,236,561	7,944,781
Discounted bills	4,104	2,370
Accrued interest	53,523	45,707
	22,107,213	20,174,699
Less: Allowance for impairment losses on loans and advances to customers measured at amortised cost (Note 23.2(a))	(672,224)	(603,764)
	21,434,989	19,570,935
Measured at FVTOCI:		
Corporate loans and advances		
– Loans	11,161	9,271
Discounted bills	1,144,681	525,388
Accrued interest	37	12
	1,155,879	534,671
Measured at FVTPL:		
Corporate loans and advances		
– Loans	2,780	3,594
	22,593,648	20,109,200

As at 31 December 2022, the Group's allowance for impairment losses on loans and advances to customers measured at FVTOCI was RMB538 million (31 December 2021: RMB219 million), refer to Note 23.2(b).

## 23.2 Allowance for impairment losses on loans and advances

(a) *Movements of the allowance for impairment losses on loans and advances to customers measured at amortised cost are as follows:*

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	269,376	110,649	223,739	603,764
Transfer:				
– to stage 1	31,002	(28,109)	(2,893)	–
– to stage 2	(11,705)	15,684	(3,979)	–
– to stage 3	(4,594)	(49,676)	54,270	–
(Reverse)/charge for the year	(6,642)	92,227	57,271	142,856
Write-offs and transfer out	–	–	(85,157)	(85,157)
Recoveries of loans and advances previously written off	–	–	9,529	9,529
Other movements	1,278	811	(857)	1,232
Balance at 31 December 2022	278,715	141,586	251,923	672,224

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	223,703	89,151	217,446	530,300
Transfer:				
– to stage 1	17,860	(15,581)	(2,279)	–
– to stage 2	(9,856)	14,056	(4,200)	–
– to stage 3	(3,534)	(35,319)	38,853	–
Charge for the year	41,831	58,906	67,614	168,351
Write-offs and transfer out	–	–	(100,447)	(100,447)
Recoveries of loans and advances previously written off	–	–	9,020	9,020
Other movements	(628)	(564)	(2,268)	(3,460)
Balance at 31 December 2021	269,376	110,649	223,739	603,764

**(b) Movements of the allowance for impairment losses on loans and advances to customers measured at FVTOCI are as follows:**

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	191	–	28	219
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	–	–	–	–
– to stage 3	–	–	–	–
Charge for the year	317	–	–	317
Other movements	2	–	–	2
Balance at 31 December 2022	510	–	28	538

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	211	–	650	861
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	–	–	–	–
– to stage 3	–	–	–	–
Reverse for the year	(13)	–	(71)	(84)
Write-offs and transfer out	–	–	(551)	(551)
Other movements	(7)	–	–	(7)
Balance at 31 December 2021	191	–	28	219

In 2022, the changes of gross carrying amounts of loans and advances to customers with a significant impact on the Group's impairment allowance were mainly resulted from the credit business in Chinese mainland, including: the gross carrying amount of domestic branches loans and advances to customers transferred from Stage 1 to Stage 2 was RMB497,668 million (2021: RMB491,330 million); the gross carrying amount of domestic branches loans transferred from Stage 2 to Stage 3 was RMB122,174 million (2021: RMB93,855 million); the gross carrying amount of domestic branches loans transferred from Stage 2 to Stage 1 was RMB147,733 million (2021: RMB78,888 million). The changes of impairment allowance resulting from loans transferred from Stage 1 to Stage 3, Stage3 to Stage1 and Stage3 to Stage 2 were not significant (2021: not significant).

## 24. FINANCIAL INVESTMENTS

		31 December 2022	31 December 2021
Financial investments measured at FVTPL	(a)	714,879	623,223
Financial investments measured at FVTOCI	(b)	2,178,018	1,803,604
Financial investments measured at amortised cost	(c)	7,634,395	6,830,933
		10,527,292	9,257,760

**(a) Financial investments measured at FVTPL**

	31 December 2022	31 December 2021
<b>Financial investments held for trading</b>		
Debt securities (analysed by type of issuers):		
Governments and central banks	123,257	97,364
Policy banks	11,498	12,670
Banks and other financial institutions	73,139	58,218
Corporate entities	106,876	92,666
	314,770	260,918
Equity investments	10,711	9,417
	325,481	270,335
<b>Financial investments designated as at FVTPL</b>		
Funds and other investments	19,077	21,791
	19,077	21,791
<b>Other financial investments measured at FVTPL</b>		
Debt securities (analysed by type of issuers):		
Policy banks	16,418	11,192
Banks and other financial institutions	157,946	143,637
Corporate entities	3,549	4,536
	177,913	159,365
Equity investments	87,032	81,329
Funds and other investments	105,376	90,403
	370,321	331,097
	714,879	623,223
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	2,177	3,301
Listed outside Hong Kong SAR	30,108	21,164
Unlisted	460,398	395,818
	492,683	420,283
Equity investments:		
Listed in Hong Kong SAR	2,443	1,783
Listed outside Hong Kong SAR	25,817	31,675
Unlisted	69,483	57,288
	97,743	90,746
Funds and other investments:		
Listed in Hong Kong SAR	2,517	4,044
Listed outside Hong Kong SAR	2,805	1,521
Unlisted	119,131	106,629
	124,453	112,194
	714,879	623,223

**(b) Financial investments measured at FVTOCI**

	31 December 2022	31 December 2021
Debt securities (analysed by type of issuers):		
Governments and central banks	939,236	653,774
Policy banks	210,680	171,130
Banks and other financial institutions	349,500	310,160
Corporate entities	560,640	551,757
Accrued interest	19,584	17,343
	2,079,640	1,704,164
Other debt investments	5,252	–
Equity investments	93,126	99,440
	2,178,018	1,803,604
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	92,309	119,453
Listed outside Hong Kong SAR	299,962	229,406
Unlisted	1,687,369	1,355,305
	2,079,640	1,704,164
Other debt investments:		
Unlisted	5,252	–
Equity investments:		
Listed in Hong Kong SAR	3,965	2,656
Listed outside Hong Kong SAR	4,506	5,414
Unlisted	84,655	91,370
	93,126	99,440
	2,178,018	1,803,604

The Group designates certain non-trading equity investments as financial investments measured at FVTOCI. In 2022, dividend income from such equity investments was RMB4,072 million (2021: RMB3,388 million), of which RMB541 million dividend income relates to derecognised equity investments (2021: RMB291 million). The value of equity investments disposed of was RMB12,337 million (2021: RMB6,963 million) and the cumulative gains transferred into retained profits from other comprehensive income after disposal was RMB429 million (2021: cumulative losses of RMB334 million).

Allowance for impairment losses on financial investments measured at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment gain or loss is recognised in the profit or loss. Movements of the allowance for impairment losses on financial investments measured at FVTOCI are as follows:



	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	2,674	355	1,341	4,370
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(174)	174	–	–
– to stage 3	(19)	(86)	105	–
Charge for the year	2,204	545	2,072	4,821
Other movements	107	21	9	137
Balance at 31 December 2022	4,792	1,009	3,527	9,328

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	2,206	22	240	2,468
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(12)	12	–	–
– to stage 3	(44)	–	44	–
Charge for the year	585	322	1,070	1,977
Other movements	(61)	(1)	(13)	(75)
Balance at 31 December 2021	2,674	355	1,341	4,370

### (c) Financial investments measured at amortised cost

	31 December 2022	31 December 2021
Debt securities (analysed by type of issuers):		
Governments and central banks (i)	6,437,548	5,661,784
Policy banks	523,274	559,808
Banks and other financial institutions (ii)	510,609	432,980
Corporate entities	64,055	61,257
Accrued interest	90,803	84,598
	7,626,289	6,800,427
Other investments (iii)	40,575	38,341
Accrued interest	103	122
	40,678	38,463
	7,666,967	6,838,890
Less: Allowance for impairment losses	(32,572)	(7,957)
	7,634,395	6,830,933
Analysed into:		
Debt securities:		
Listed in Hong Kong SAR	32,267	31,439
Listed outside Hong Kong SAR	194,467	147,531
Unlisted	7,370,829	6,615,869
	7,597,563	6,794,839
Other investments:		
Unlisted	36,832	36,094
	36,832	36,094
	7,634,395	6,830,933
Market value of listed securities	223,682	179,807

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	5,639	2,200	118	7,957
Transfer:				
– to stage 1	–	–	–	–
– to stage 2	(3)	3	–	–
– to stage 3	–	(830)	830	–
Charge/(reverse) for the year	23,037	(241)	1,772	24,568
Other movements	68	–	(21)	47
Balance at 31 December 2022	28,741	1,132	2,699	32,572

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	2,234	2,718	121	5,073
Transfer:				
– to stage 1	402	(402)	–	–
– to stage 2	–	–	–	–
– to stage 3	–	–	–	–
Charge/(reverse) for the year	3,008	(116)	–	2,892
Other movements	(5)	–	(3)	(8)
Balance at 31 December 2021	5,639	2,200	118	7,957

- (i) This includes a special government bond, which is a non-negotiable bond with a nominal value of RMB85,000 million (31 December 2021: RMB85,000 million) issued by the Ministry of Finance of the People's Republic of China (the "MOF") to the Bank in 1998. The bond will mature in 2028 and bears interest at a fixed rate of 2.25% per annum.
- (ii) This includes Huarong bonds of RMB90,309 million (31 December 2021: RMB90,309 million). Huarong bonds are a series of long-term bonds issued by China Huarong Asset Management Co., Ltd. ("Huarong") in the year of 2000 and 2001 to the Bank, with an aggregate amount of RMB312,996 million. The proceeds from the issuance of the bonds were used to purchase non-performing loans of the Bank. The bonds are non-negotiable, with a tenure of 10 years and bear interest at a fixed rate of 2.25% per annum. The MOF provides funding support for the repayment of principal and interest of the bonds. In 2010, the Bank received a notice from the MOF that the maturity dates of the Huarong bonds were extended for ten years. In 2020, the Bank received a notice from the MOF to adjust the interest rate of the Huarong bonds, starting from 1 January 2020. Interest rate would be determined on yearly basis with reference to the average level of five-year government bond yield in the previous year. In January 2021, the Bank received notice from the MOF that the maturity dates of Huarong bonds were further extended for ten years. As at 31 December 2022, the Bank had received accumulated early repayments amounting to RMB222,687 million (31 December 2021: RMB222,687 million).
- (iii) Other investments include debt investment plans, asset management plans and trust plans with fixed or determinable payments. They will mature from February 2023 to November 2032 and bear interest rates ranging from 3.86% to 6.60% per annum.

## 25. INVESTMENTS IN SUBSIDIARIES

	31 December 2022	31 December 2021
Listed investments, at cost	2,712	2,712
Unlisted investments, at cost	160,571	160,571
	163,283	163,283

Particulars of the Group's principal subsidiaries as at the end of the reporting period are as follows:

Name	Percentage of equity interest % 31 December 2022	31 December 2021	Nominal value of issued share/ paid-in capital 31 December 2022	Amount invested by the Bank	Place of incorporation/ registration and operations	Principal activities
Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia")	100	100	HKD44,188 million	HKD54,738 million	Hong Kong SAR, the PRC	Commercial banking
ICBC International Holdings Limited ("ICBC International")	100	100	HKD5,963 million	HKD5,963 million	Hong Kong SAR, the PRC	Investment banking
Industrial and Commercial Bank of China (Macau) Limited ("ICBC Macau")	89.33	89.33	MOP589 million	MOP12,064 million	Macau SAR, the PRC	Commercial banking
PT. Bank ICBC Indonesia	98.61	98.61	IDR3,706,100 million	USD361 million	Jakarta, Indonesia	Commercial banking
Industrial and Commercial Bank of China (Malaysia) Berhad	100	100	MYR833 million	MYR833 million	Kuala Lumpur, Malaysia	Commercial banking
Industrial and Commercial Bank of China (Thai) Public Company Limited ("ICBC Thai")	97.98	97.86	THB20,107 million	THB23,711 million	Bangkok, Thailand	Commercial banking
Industrial and Commercial Bank of China (Almaty) Joint Stock Company	100	100	KZT8,933 million	KZT8,933 million	Almaty, Kazakhstan	Commercial banking
Industrial and Commercial Bank of China (New Zealand) Limited ("ICBC New Zealand")	100	100	NZD234 million	NZD234 million	Auckland, New Zealand	Commercial banking
Industrial and Commercial Bank of China (Europe) S.A.	100	100	EUR437 million	EUR437 million	Luxembourg	Commercial banking
ICBC (London) PLC	100	100	USD200 million	USD200 million	London, United Kingdom	Commercial banking
ICBC Standard Bank PLC	60	60	USD1,083 million	USD839 million	London, United Kingdom	Banking
Bank ICBC (joint stock company)	100	100	RUB10,810 million	RUB10,810 million	Moscow, Russia	Commercial banking
ICBC Turkey Bank Anonim Şirketi	92.84	92.84	TRY5,368 million	USD425 million	Istanbul, Turkey	Commercial banking
ICBC Austria Bank GmbH	100	100	EUR200 million	EUR200 million	Vienna, Austria	Commercial banking
Industrial and Commercial Bank of China (USA) NA	80	80	USD369 million	USD306 million	New York, United States	Commercial banking
Industrial and Commercial Bank of China Financial Services LLC	100	100	USD50 million	USD50.25 million	Delaware and New York, United States	Broker dealer and margin trading
Industrial and Commercial Bank of China (Canada)	80	80	CAD208 million	CAD218.66 million	Toronto, Canada	Commercial banking
Industrial and Commercial Bank of China Mexico S.A.	100	100	MXN1,597 million	MXN1,597 million	Mexico City, Mexico	Commercial banking
Industrial and Commercial Bank of China (Brasil) S.A.	100	100	Real202 million	Real202 million	Sao Paulo, Brazil	Commercial banking
Industrial and Commercial Bank of China (Argentina) S.A.	100	100	ARS55,446 million	USD904 million	Buenos Aires, Argentina	Commercial banking
ICBC Peru Bank	100	100	USD120 million	USD120 million	Lima, Peru	Commercial banking
ICBC Credit Suisse Asset Management Co., Ltd. *	80	80	RMB200 million	RMB433 million	Beijing, the PRC	Fund management
ICBC Financial Leasing Co., Ltd. * ("ICBC Leasing")	100	100	RMB18,000 million	RMB11,000 million	Tianjin, the PRC	Leasing
ICBC-AXA Assurance Co., Ltd. ("ICBC-AXA"). *	60	60	RMB12,505 million	RMB7,980 million	Shanghai, the PRC	Insurance
ICBC Financial Asset Investment Co., Ltd.* ("ICBC Investment")	100	100	RMB27,000 million	RMB27,000 million	Nanjing, the PRC	Financial asset investment
ICBC Wealth Management Co., Ltd.*	100	100	RMB16,000 million	RMB16,000 million	Beijing, the PRC	Wealth management
Zhejiang Pinghu ICBC Rural Bank Co., Ltd. *	60	60	RMB200 million	RMB120 million	Zhejiang, the PRC	Commercial banking
Chongqing Bishan ICBC Rural Bank Co., Ltd. *	100	100	RMB100 million	RMB100 million	Chongqing, the PRC	Commercial banking

\* These subsidiaries incorporated in Chinese mainland are all limited liability companies.

As at 31 December 2022, the voting rights of subsidiaries of the Group are in line with the Group's equity interests. As at 31 December 2021, the Group held 97.98% voting rights of ICBC Thai. Apart from ICBC Thai, voting rights of other subsidiaries of the Group are in line with the Group's equity interests.

The above table lists the principal subsidiaries of the Bank. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

There is no subsidiary of the Group which has material non-controlling interests during the reporting period.

## 26. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2022	31 December 2021
Interests in associates	62,661	60,572
Interests in joint ventures	3,217	1,210
	65,878	61,782

	31 December 2022	31 December 2021
Share of net assets	51,349	47,108
Goodwill	14,894	15,039
	66,243	62,147
Less: Allowance for impairment losses	(365)	(365)
	65,878	61,782

### (a) Carrying value of the Group's associates and joint ventures are as follows:

	31 December 2022	31 December 2021
Standard Bank	25,948	24,621
Other	39,930	37,161
	65,878	61,782

Standard Bank Group Limited ("Standard Bank") is a listed commercial bank registered in Johannesburg, the Republic of South Africa with an issued capital of ZAR168 million and a strategic partner of the Group. As at 31 December 2022, the Group's equity interest and voting rights were 19.36% (31 December 2021: 20.06%).

The accounting policies of Standard Bank are consistent with those of the Group. Its financial information is significant to the Group and summarised as follows:

	As at/year ended 31 December 2022	As at/year ended 31 December 2021
<b>The associate</b>		
Assets	1,177,404	1,091,181
Liabilities	1,071,270	993,965
Net assets	106,134	97,216
Profit from continuing operations	14,398	10,725
<b>Equity method of the associate</b>		
Net assets of the associate attributable to the parent company	91,322	82,364
Group's effective interest	19.36%	20.06%
Group's share of net assets of the associate	17,680	16,522
Goodwill	8,616	8,447
Closing balance of the Group's interest in Standard Bank in the consolidated statement of financial position	26,296	24,969

**(b) Movements of associates and joint ventures investments of the Group are as follows:**

	Movements during the year							Balance at end of the year	Balance of allowance for impairment at end of the year
	Balance at beginning of the year	Investment increase	Investment decrease	Investment income recognised under the equity method	Other comprehensive income	Declared distribution of cash dividends or profits	Other		
Joint ventures	1,210	2,095	(11)	26	–	(37)	(66)	3,217	–
Associates									
Standard Bank	24,969	–	–	2,670	(344)	(1,355)	356	26,296	(348)
Other	35,968	2,914	(2,800)	1,731	6	(1,226)	137	36,730	(17)
Subtotal	60,937	2,914	(2,800)	4,401	(338)	(2,581)	493	63,026	(365)
Total	62,147	5,009	(2,811)	4,427	(338)	(2,618)	427	66,243	(365)

**27. PROPERTY AND EQUIPMENT**

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment and motor vehicles	Aircraft and vessels	Total
Cost:						
At 1 January 2021	168,309	35,211	12,825	79,885	169,173	465,403
Additions	1,143	8,521	997	9,212	10,527	30,400
CIP transfer in/(out)	19,850	(24,915)	–	51	5,014	–
Disposals and other movements	(2,353)	(601)	(232)	(7,516)	(3,769)	(14,471)
At 31 December 2021 and 1 January 2022	186,949	18,216	13,590	81,632	180,945	481,332
Additions	1,365	10,250	888	6,388	2,659	21,550
CIP transfer in/(out)	4,621	(11,154)	–	106	6,427	–
Disposals and other movements	(1,232)	(206)	(143)	(4,743)	8,422	2,098
At 31 December 2022	191,703	17,106	14,335	83,383	198,453	504,980
Accumulated depreciation and allowance for impairment losses:						
At 1 January 2021	70,824	38	10,786	61,514	35,962	179,124
Depreciation charge for the year	6,353	–	866	7,377	5,901	20,497
Impairment charge for the year	–	–	–	4	2,282	2,286
Disposals and other movements	(1,374)	(4)	(159)	(6,555)	(2,779)	(10,871)
At 31 December 2021 and 1 January 2022	75,803	34	11,493	62,340	41,366	191,036
Depreciation charge for the year	7,034	–	903	8,039	6,710	22,686
Impairment charge for the year	–	–	–	–	3,477	3,477
Disposals and other movements	(682)	–	(37)	(4,188)	(1,199)	(6,106)
At 31 December 2022	82,155	34	12,359	66,191	50,354	211,093
Carrying amount:						
At 31 December 2021	111,146	18,182	2,097	19,292	139,579	290,296
At 31 December 2022	109,548	17,072	1,976	17,192	148,099	293,887

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(In RMB millions, unless otherwise stated)

As at 31 December 2022, the process of obtaining the legal titles for the Group's properties and buildings with an aggregate carrying amount of RMB8,372 million (31 December 2021: RMB12,798 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

As at 31 December 2022, the carrying amount of aircraft and vessels leased out by the Group under operating leases was RMB148,099 million (31 December 2021: RMB139,579 million).

As at 31 December 2022, the carrying amount of aircraft and vessels owned by the Group that have been pledged as collateral for liabilities due to banks and other financial institutions was RMB86,163 million (31 December 2021: RMB92,426 million).

As at 31 December 2022, the construction in progress for aircraft and vessels was RMB9,225 million (31 December 2021: RMB9,101 million).

## 28. DEFERRED TAX ASSETS AND LIABILITIES

### (a) Analysed by nature

Deferred tax assets:

	31 December 2022		31 December 2021	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Allowance for impairment losses	403,252	100,079	328,794	81,662
Change in fair value of financial instruments measured at FVTPL	(2,826)	(761)	(13,823)	(3,455)
Change in fair value of financial instruments measured at FVTOCI	(9,645)	(2,786)	(22,620)	(5,635)
Accrued staff costs	43,808	10,929	34,823	8,684
Other	(23,466)	(5,861)	(7,847)	(1,997)
	411,123	101,600	319,327	79,259

Deferred tax liabilities:

	31 December 2022		31 December 2021	
	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)	Taxable/ (deductible) temporary differences	Deferred tax liabilities/ (assets)
Allowance for impairment losses	1,086	130	(535)	(268)
Change in fair value of financial instruments measured at FVTPL	9,906	2,138	15,692	3,635
Change in fair value of financial instruments measured at FVTOCI	(2,607)	(503)	2,737	690
Other	8,172	2,035	6,285	1,567
	16,557	3,800	24,179	5,624

**(b) Movements of deferred income tax**

Deferred tax assets:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2022
Allowance for impairment losses	81,662	18,417	–	100,079
Change in fair value of financial instruments measured at FVTPL	(3,455)	2,694	–	(761)
Change in fair value of financial instruments measured at FVTOCI	(5,635)	–	2,849	(2,786)
Accrued staff costs	8,684	2,245	–	10,929
Other	(1,997)	(3,880)	16	(5,861)
	79,259	19,476	2,865	101,600

Deferred tax liabilities:

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2022
Allowance for impairment losses	(268)	398	–	130
Change in fair value of financial instruments measured at FVTPL	3,635	(1,497)	–	2,138
Change in fair value of financial instruments measured at FVTOCI	690	–	(1,193)	(503)
Other	1,567	468	–	2,035
	5,624	(631)	(1,193)	3,800

Deferred tax assets:

	1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2021
Allowance for impairment losses	70,094	11,568	–	81,662
Change in fair value of financial instruments measured at FVTPL	(2,470)	(985)	–	(3,455)
Change in fair value of financial instruments measured at FVTOCI	(5,417)	–	(218)	(5,635)
Accrued staff costs	6,628	2,056	–	8,684
Other	(1,122)	(943)	68	(1,997)
	67,713	11,696	(150)	79,259



Deferred tax liabilities:

	1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2021
Allowance for impairment losses	(937)	669	–	(268)
Change in fair value of financial instruments measured at FVTPL	1,809	1,826	–	3,635
Change in fair value of financial instruments measured at FVTOCI	1,149	–	(459)	690
Other	860	707	–	1,567
	2,881	3,202	(459)	5,624

As at 31 December 2022, the Group did not have significant unrecognised deferred tax assets (31 December 2021: Nil).

## 29. OTHER ASSETS

		31 December 2022	31 December 2021
Precious metals		275,183	267,239
Settlement and clearing balances		156,278	267,342
Right-of-use assets	(a)	33,653	31,913
Land use rights		14,935	15,593
Goodwill	(b)	9,181	8,518
Advance payments		6,056	8,242
Repossessioned assets		6,204	6,211
Interest receivable		2,941	2,283
Other		113,832	110,574
		618,263	717,915
Less: Allowance for impairment losses		(12,579)	(10,053)
		605,684	707,862

(a) Right-of-use assets

	Properties and buildings	Aircraft and vessels	Office equipment and motor vehicles	Total
Cost:				
At 1 January 2021	30,529	16,550	946	48,025
Additions	6,926	–	91	7,017
Decreases and other movements	(3,191)	(441)	(680)	(4,312)
At 31 December 2021 and 1 January 2022	34,264	16,109	357	50,730
Additions	6,632	–	68	6,700
Decreases and other movements	(3,059)	4,309	(30)	1,220
At 31 December 2022	37,837	20,418	395	58,650
Accumulated depreciation:				
At 1 January 2021	12,095	1,727	135	13,957
Depreciation charge for the year	7,011	570	116	7,697
Decreases and other movements	(2,582)	(222)	(33)	(2,837)
At 31 December 2021 and 1 January 2022	16,524	2,075	218	18,817
Depreciation charge for the year	6,892	624	117	7,633
Decreases and other movements	(2,260)	817	(10)	(1,453)
At 31 December 2022	21,156	3,516	325	24,997
Allowance for impairment losses:				
At 1 January 2021	42	274	–	316
Decreases and other movements	(10)	(55)	–	(65)
At 31 December 2021 and 1 January 2022	32	219	–	251
Other movements	3	636	–	639
At 31 December 2022	35	855	–	890
Carrying amount:				
At 31 December 2021	17,708	13,815	139	31,662
At 31 December 2022	16,646	16,047	70	32,763

(b) Goodwill

	2022	2021
At 1 January	8,518	8,945
Exchange difference	663	(427)
Subtotal	9,181	8,518
Less: Allowance for impairment losses	(382)	(349)
	8,799	8,169

Goodwill arising from business combinations has been allocated to the Group's cash-generating units ("CGU"), which is not larger than the reportable segment of the Group, for impairment testing.

The recoverable amount of the CGU is determined based on the discounted future cash flows of the CGU. The cash flow projections are based on financial forecasts approved by management of the subsidiaries. The average growth rates are projected based on the similar rates which do not exceed the long-term average growth rate for the business in which the CGU operates in. The discount rate is the before-tax rate and reflects the specific risk associated with the CGU.

### 30. IMPAIRMENT ALLOWANCE

	At 1 January 2022	Charge for the year	Write-offs and transfer out	Recoveries of previous write-offs	Other	At 31 December 2022
Due from banks and other financial institutions	1,091	328	–	–	47	1,466
Reverse repurchase agreements	128	338	–	–	9	475
Loans and advances to customers	603,983	143,173	(85,157)	9,529	1,234	672,762
Financial investments	12,327	29,389	(23)	–	207	41,900
Investments in associates and joint ventures	365	–	–	–	–	365
Property and equipment	10,991	3,477	(1,121)	–	338	13,685
Credit commitments	24,449	2,807	–	–	384	27,640
Other	37,741	2,907	(1,548)	87	1,013	40,200
Total	691,075	182,419	(87,849)	9,616	3,232	798,493

### 31. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2022	31 December 2021
Deposits:		
Banks and other financial institutions operating in Chinese mainland	2,524,293	2,286,492
Banks and other financial institutions operating outside Chinese mainland	137,552	143,928
Accrued interest	3,056	1,269
	2,664,901	2,431,689
Money market takings:		
Banks and other financial institutions operating in Chinese mainland	213,002	226,907
Banks and other financial institutions operating outside Chinese mainland	300,860	258,465
Accrued interest	6,801	3,968
	520,663	489,340
	3,185,564	2,921,029

## 32. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2022	31 December 2021
Financial liabilities related to precious metals and account-based investment products (i)	55,549	64,488
Debt securities issued (i)	5,218	18,409
Other	3,359	4,283
	64,126	87,180

- (i) Financial liabilities related to precious metals and account-based investment products, and certain issued debt securities have been matched with precious metals and derivatives of the Group as part of a documented risk management strategy to mitigate market risk. An accounting mismatch would arise if these financial liabilities were accounted for at amortised cost, whereas the related precious metals and derivative were measured at fair value with movements in fair value taken through the statement of profit or loss. By designating these financial liabilities at FVTPL, the movement in their fair values is recorded in the statement of profit or loss. As at 31 December 2022 and 31 December 2021, the difference between the fair values of the financial liabilities related to precious metals, account-based investment products and issued debt securities and the amounts that the Group would be contractually required to pay to the holders of the financial liabilities related to precious metals, account-based investment products and issued debt securities upon maturity was not significant.

In 2022 and 2021, there were no significant changes in the credit spread of the Group and therefore the amounts of changes in fair value of the financial liabilities arising from changes in the credit risk and the accumulated amounts as at the end of the respective years were not significant. The changes in fair value of the financial liabilities were mainly attributable to changes in other market factors.

## 33. REPURCHASE AGREEMENTS

	31 December 2022	31 December 2021
Repurchase agreements-bills	6,430	8,110
Repurchase agreements-securities	545,080	341,718
Cash received as collateral on securities lending	16,814	16,015
Accrued interest	6,454	100
	574,778	365,943

## 34. CERTIFICATES OF DEPOSIT

Certificates of deposit issued by certain of the Bank's overseas branches and subsidiaries are measured at amortised cost.

### 35. DUE TO CUSTOMERS

	31 December 2022	31 December 2021
Demand deposits:		
Corporate customers	8,076,256	7,533,110
Personal customers	5,991,387	5,390,582
	14,067,643	12,923,692
Time deposits:		
Corporate customers	6,594,898	5,798,353
Personal customers	8,553,919	7,107,386
	15,148,817	12,905,739
Other	199,465	250,349
Accrued interest	454,566	361,994
	29,870,491	26,441,774

As at 31 December 2022, the Group's pledged deposits included in above amounted to RMB201,787 million (31 December 2021: RMB228,227 million).

### 36. DEBT SECURITIES ISSUED

		31 December 2022	31 December 2021
Subordinated bonds and tier 2 capital bonds issued	(a)		
Issued by the Bank		571,848	458,688
Issued by subsidiaries		9,417	4,116
Accrued interest		10,365	8,002
		591,630	470,806
Other debt securities issued	(b)		
Issued by the Bank		203,876	188,243
Issued by subsidiaries		108,698	130,558
Accrued interest		1,749	1,768
		314,323	320,569
		905,953	791,375

As at 31 December 2022, the amount of debt securities issued that were due within one year was RMB122,602 million (31 December 2021: RMB124,031 million).

In 2022, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the bonds (2021: Nil).

### (a) Subordinated bonds and tier 2 capital bonds issued

The Bank:

As approved by the PBOC and the CBIRC, the Bank issued callable subordinated bonds and tier 2 capital bonds through open market bidding. These subordinated bonds and tier 2 capital bonds were traded on the National Interbank Bond Market. The relevant information is set out below:

Name	Issue date	Issued and		Coupon rate	Value date	Maturity date	Circulation date
		Issue price (In RMB)	nominal amount (In RMB million)				
11 ICBC 01	29/06/2011	100 Yuan	38,000	5.56%	30/06/2011	30/06/2031	30/08/2011
19 ICBC 01 Tier 2 Bond	21/03/2019	100 Yuan	45,000	4.26%	25/03/2019	25/03/2029	26/03/2019
19 ICBC 02 Tier 2 Bond	21/03/2019	100 Yuan	10,000	4.51%	25/03/2019	25/03/2034	26/03/2019
19 ICBC 03 Tier 2 Bond	24/04/2019	100 Yuan	45,000	4.40%	26/04/2019	26/04/2029	28/04/2019
19 ICBC 04 Tier 2 Bond	24/04/2019	100 Yuan	10,000	4.69%	26/04/2019	26/04/2034	28/04/2019
20 ICBC 01 Tier 2 Bond	22/09/2020	100 Yuan	60,000	4.20%	24/09/2020	24/09/2030	25/09/2020
20 ICBC 02 Tier 2 Bond	12/11/2020	100 Yuan	30,000	4.15%	16/11/2020	16/11/2030	17/11/2020
20 ICBC 03 Tier 2 Bond	12/11/2020	100 Yuan	10,000	4.45%	16/11/2020	16/11/2035	17/11/2020
21 ICBC 01 Tier 2 Bond	19/01/2021	100 Yuan	30,000	4.15%	21/01/2021	21/01/2031	22/01/2021
21 ICBC 02 Tier 2 Bond	13/12/2021	100 Yuan	50,000	3.48%	15/12/2021	15/12/2031	16/12/2021
21 ICBC 03 Tier 2 Bond	13/12/2021	100 Yuan	10,000	3.74%	15/12/2021	15/12/2036	16/12/2021
22 ICBC 01 Tier 2 Bond	18/01/2022	100 Yuan	35,000	3.28%	20/01/2022	20/01/2032	21/01/2022
22 ICBC 02 Tier 2 Bond	18/01/2022	100 Yuan	5,000	3.60%	20/01/2022	20/01/2037	21/01/2022
22 ICBC 03 Tier 2 Bond	12/04/2022	100 Yuan	45,000	3.50%	14/04/2022	14/04/2032	15/04/2022
22 ICBC 04 Tier 2 Bond	12/04/2022	100 Yuan	5,000	3.74%	14/04/2022	14/04/2037	15/04/2022
22 ICBC 03A Tier-2 Capital Bonds	18/08/2022	100 Yuan	30,000	3.02%	22/08/2022	22/08/2032	23/08/2022
22 ICBC 03B Tier-2 Capital Bonds	18/08/2022	100 Yuan	10,000	3.32%	22/08/2022	22/08/2037	23/08/2022
22 ICBC 04A Tier-2 Capital Bonds	08/11/2022	100 Yuan	50,000	3.00%	10/11/2022	10/11/2032	11/11/2022
22 ICBC 04B Tier-2 Capital Bonds	08/11/2022	100 Yuan	10,000	3.34%	10/11/2022	10/11/2037	11/11/2022
22 ICBC 05A Tier-2 Capital Bonds	20/12/2022	100 Yuan	25,000	3.70%	22/12/2022	22/12/2032	23/12/2022
22 ICBC 05B Tier-2 Capital Bonds	20/12/2022	100 Yuan	5,000	3.85%	22/12/2022	22/12/2037	23/12/2022

The Bank has the option to redeem these bonds in whole or in part on specific dates at par value in future upon the approval of the relevant regulatory authorities.

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(In RMB millions, unless otherwise stated)

In 2015, the Bank issued tier 2 capital bonds denominated in USD. The bonds were approved for listing and dealing by The Stock Exchange of Hong Kong Limited. The relevant information is set out below:

Name	Issue date	Currency	Issued price	Issued amount	Ending balance	Coupon rate	Value date	Maturity date	Circulation date
			(In original currency)	(In original currency)	(In RMB)				
			(million)	(million)	(million)				
15 USD									
Tier 2 capital bonds	21/09/2015	USD	99.189	2,000	13,900	4.875%	21/09/2015	21/09/2025	22/09/2015

The bonds cannot be redeemed before maturity.

Subsidiaries:

On 23 March 2018, ICBC Thai issued a tier 2 capital bond with an aggregate nominal amount of THB5,000 million, bearing a fixed interest rate of 3.5%. The bond will mature on 23 September 2028.

On 12 September 2019, ICBC Macau issued a tier 2 capital bond with an aggregate nominal amount of USD500 million, bearing a fixed interest rate of 2.875%. The bond will mature on 12 September 2029.

On 15 March 2022, ICBC-AXA issued a capital supplementary bond with an aggregate nominal amount of RMB5,000 million, bearing an initial fixed interest rate of 3.7%. The bond will mature on 17 March 2032. The issuer has an option to redeem the capital supplementary bond in whole or in part at par values at the end of the fifth interest-bearing year. If the issuer does not exercise the redemption option, the coupon rate would increase to 4.7% from the sixth interest-bearing year.

The above tier 2 capital bonds are separately traded on the Thai Bond Market Association, The Stock Exchange of Hong Kong Limited and the National Interbank Bond Market.

### (b) Other debt securities issued

The Bank:

- (i) Head Office issued debt securities and interbank certificates of deposit, denominated in RMB at fixed interest rates amounting to RMB74,830 million in total with maturities between 2023 and 2025.
- (ii) Sydney Branch issued notes denominated in AUD, RMB, HKD and USD at fixed or floating interest rates amounting to an equivalent of RMB8,600 million in total with maturities between 2023 and 2027.
- (iii) Singapore Branch issued notes denominated in USD at fixed or floating interest rates amounting to an equivalent of RMB35,381 million in total with maturities between 2023 and 2025.
- (iv) New York Branch issued notes denominated in USD at fixed interest rates amounting to an equivalent of RMB9,660 million in total with maturities between 2023 and 2027.
- (v) Luxembourg Branch issued notes denominated in USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB9,948 million in total with maturities between 2023 and 2024.
- (vi) Dubai (DIFC) Branch issued notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB10,826 million in total with maturities between 2023 and 2025.
- (vii) Hong Kong Branch issued notes denominated in USD and HKD at fixed or floating interest rates amounting to an equivalent of RMB36,450 million in total with maturities between 2023 and 2026.
- (viii) London Branch issued notes denominated in GBP, USD and EUR at fixed or floating interest rates amounting to an equivalent of RMB14,718 million in total with maturities between 2023 and 2025.
- (ix) Macau Branch issued notes denominated in USD and MOP at fixed or floating interest rates amounting to an equivalent of RMB3,463 million in total with maturities between 2023 and 2024.



Subsidiaries:

- (i) ICBC Asia issued medium-term debt securities and notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB5,384 million in total with maturities between 2023 and 2025.
- (ii) ICBC Leasing issued medium-term debt securities and notes denominated in RMB and USD at fixed or floating interest rates amounting to an equivalent of RMB66,976 million in total with maturities between 2023 and 2031.
- (iii) ICBC Thai issued short-term, medium-term and long-term debt securities and notes denominated in THB at fixed interest rates amounting to an equivalent of RMB8,163 million in total with maturities between 2023 and 2026.
- (iv) ICBC International issued medium-term debt securities and notes denominated in RMB and USD at fixed interest rates amounting to an equivalent of RMB10,294 million in total with maturities between 2023 and 2025.
- (v) ICBC New Zealand issued medium-term debt securities and notes denominated in NZD at fixed or floating interest rates amounting to an equivalent of RMB2,094 million in total with maturities between 2023 and 2025.
- (vi) ICBC Investment issued financial bonds denominated in RMB at fixed interest rates amounting to RMB13,800 million in total with maturities between 2024 and 2025.
- (vii) ICBC Macau issued medium-term and long-term debt securities and notes denominated in RMB at fixed interest rates amounting to RMB1,987 million in total that will mature in 2024.

### 37. OTHER LIABILITIES

		31 December 2022	31 December 2021
Settlement and clearing balances		280,230	317,591
Insurance contract liabilities		243,718	213,457
Salaries, bonuses, allowances and subsidies payables	(a)	41,282	32,751
Lease liabilities	(b)	28,629	28,340
Provisions for credit commitments	(c)	27,640	24,449
Sundry tax payables		16,493	16,454
Promissory notes		756	1,081
Early retirement benefits		19	32
Other		149,188	155,200
		787,955	789,355

(a) There were no overdue payment for staff salaries, bonuses, allowances and subsidies payable as at 31 December 2022 (31 December 2021: Nil).

(b) Lease liabilities

		31 December 2022	31 December 2021
Less than one year		8,923	8,315
One to two years		6,473	6,749
Two to three years		4,572	4,542
Three to five years		5,704	5,210
More than five years		4,625	5,113
Undiscounted lease liabilities		30,297	29,929
Ending balance of lease liabilities		28,629	28,340

Notes to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

(c) Provisions for credit commitments

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	19,881	3,581	987	24,449
Transfer:				
– to stage 1	123	(123)	–	–
– to stage 2	(219)	249	(30)	–
– to stage 3	(2)	(12)	14	–
Charge/(reverse) for the year	687	2,860	(740)	2,807
Other movements	313	56	15	384
Balance at 31 December 2022	20,783	6,611	246	27,640

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	22,021	2,957	1,732	26,710
Transfer:				
– to stage 1	121	(121)	–	–
– to stage 2	(120)	120	–	–
– to stage 3	–	(2)	2	–
(Reverse)/charge for the year	(1,901)	670	(735)	(1,966)
Other movements	(240)	(43)	(12)	(295)
Balance at 31 December 2021	19,881	3,581	987	24,449

### 38. SHARE CAPITAL

	31 December 2022		31 December 2021	
	Number of shares (millions)	Nominal value	Number of shares (millions)	Nominal value
Issued and fully paid:				
H shares of RMB1 Yuan each	86,795	86,795	86,795	86,795
A shares of RMB1 Yuan each	269,612	269,612	269,612	269,612
	356,407	356,407	356,407	356,407

Except for the dividends of H shares which are payable in Hong Kong dollars, all of the ordinary A shares and H shares rank pari passu with each other in respect of dividends on ordinary shares.

### 39. OTHER EQUITY INSTRUMENTS

#### (1) Preference shares

##### (a) Preference shares ("Preference Shares") outstanding:

Financial instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore Preference Shares:										
USD	23/09/2020	Equity	3.58%	USD20/Share	145	2,900	19,716	None	Mandatory	No
Domestic Preference Shares:										
RMB2015	18/11/2015	Equity	4.58%	RMB100/Share	450	45,000	45,000	None	Mandatory	No
RMB2019	19/09/2019	Equity	4.20%	RMB100/Share	700	70,000	70,000	None	Mandatory	No
Total							134,716			

##### (b) Main clauses and basic information

###### (i) Dividend

Offshore and domestic dividends are paid annually.

Offshore and domestic dividends are set at a fixed rate for 5 years after issuance, and are reset every 5 years thereafter to the sum of the benchmark rate and the fixed spread. The fixed spread is equal to the spread between the initial offshore and domestic dividend rate and the benchmark rate at the time of issuance. The fixed spread remains unchanged throughout the term of the Preference Shares.

###### (ii) Conditions to distribution of dividends

The Bank can pay offshore and domestic dividends when it has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratios meet regulatory requirements. Preference shareholders of the Bank are senior to the ordinary shareholders in respect of the right to dividends. The order of payment of Domestic Preference Shares is equal to Offshore Preference Shares. The Bank may elect to cancel all or part of offshore and domestic dividends and this shall not constitute a default for any purpose, but such cancellation will require a shareholder's resolution to be passed.

### **(iii) Dividend stopper and setting mechanism**

For Offshore and Domestic Preference Shares, if the Bank cancels all or part of the dividends to the Preference Shares, the Bank shall not make any dividend distribution to ordinary shareholders before the Bank pays the dividends to the preference shareholders in full for the current dividend period.

Non-cumulative dividend is a dividend on Offshore and Domestic Preference Shares which does not cumulate upon omission of payment and the passed or omitted dividend of one year is not carried to the following year. After receiving a dividend at the agreed dividend rate, preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders.

The Bank shall distribute dividends for Offshore and Domestic Preference Shares in cash, based on the liquidation preference amount for the issued and outstanding Offshore Preference Shares or total amount of issued and outstanding Domestic Preference Shares during the corresponding period (i.e. the product of the issue price of Preference Shares and the number of the issued and outstanding preference shares).

### **(iv) Order of distribution and liquidation method**

The offshore preference shareholders and domestic preference shareholders will rank equally for payment. The preference shareholders will be subordinated to the depositors, general creditors and holders of convertible bonds, holders of subordinated debts, holders of tier 2 capital bonds and holders of other tier 2 capital instruments of the Bank, but will be senior to the ordinary shareholders of the Bank.

### **(v) Mandatory conversion trigger events**

For Offshore Preference Shares, upon the occurrence of any Non-Viability Trigger Event, the Bank shall have the right to irrevocably and compulsorily convert all or part of the outstanding Offshore Preference Shares into H shares, under the consent of the CBIRC but without the need for the consent of the offshore preference shareholders or the ordinary shareholders. If the Offshore Preference Shares were converted into H shares, they cannot be converted to Preference Shares again under any circumstances.

For Domestic Preference Shares, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all or part of the outstanding face value of Domestic Preference Shares into A shares, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. If Domestic Preference Shares were converted into A shares, they cannot be converted to Preference Shares again under any circumstances. Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank shall have the right without the need for the consent of the domestic preference shareholders to convert all the outstanding face value of Domestic Preference Shares into A shares. If Domestic Preference Shares were converted into A share, they cannot be converted to Preference Shares again under any circumstances.

The initial mandatory conversion prices are HKD5.73 for Offshore Preference Shares per H share; RMB3.44 for Domestic 2015 Preference Shares and RMB5.43 for Domestic 2019 Preference Shares. In case of stock dividends distribution of H or A shares of the Bank or other circumstances, the Bank will make cumulative adjustment to the compulsory conversion price in turn.

### **(vi) Redemption conditions**

Subject to obtaining the approval of the CBIRC and satisfying the conditions of redemption, the Bank has the right to redeem all or part of the Offshore Preference Shares at the first call date and any subsequent dividend payment date. Redemption price of Offshore Preference Shares is equal to liquidation preference price plus any declared but unpaid dividend in current period. The first redemption date of Offshore Preference Shares is five years after issuance.

Under the premise of obtaining the approval of the CBIRC and compliance with relevant requirements, the Bank has the right to redeem all or part of Domestic Preference Shares, after five years having elapsed since the date of issuance/the date of closing. The redemption period of Domestic Preference Shares is from the start date of redemption to the date of full redemption or conversion. Redemption price of Domestic Preference Shares is equal to book value plus any declared but unpaid dividend in current period.

**(c) Changes in preference shares outstanding**

Financial instrument outstanding	1 January 2022			Movement during the year			31 December 2022		
	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)	Amount (million shares)	In original currency (million)	In RMB (million)
Offshore Preference Shares:									
USD	145	2,900	19,716	-	-	-	145	2,900	19,716
Domestic Preference Shares:									
RMB2015	450	45,000	45,000	-	-	-	450	45,000	45,000
RMB2019	700	70,000	70,000	-	-	-	700	70,000	70,000
Total			134,716			-			134,716

The carrying amount of preference shares issued by the Bank, net of related issuance fees, was RMB134,614 million as at 31 December 2022 (31 December 2021: RMB134,614 million).

**(2) Perpetual bonds**

**(a) Perpetual bonds outstanding**

Financial instrument outstanding	Issue date	Accounting classification	Initial Interest rate	Issue price	Amount (million units)	In original currency (million)	In RMB (million)	Maturity	Conversion condition	Conversion
Offshore										
USD Perpetual bond	24/09/2021	Equity	3.20%	Note (i)	N/A	6,160	39,793	None	None	No
Domestic										
RMB2019										
Perpetual bond	26/07/2019	Equity	4.45%	RMB100/Unit	800	80,000	80,000	None	None	No
RMB2021										
Perpetual bond Series 1	04/06/2021	Equity	4.04%	RMB100/Unit	700	70,000	70,000	None	None	No
RMB2021										
Perpetual bond Series 2	24/11/2021	Equity	3.65%	RMB100/Unit	300	30,000	30,000	None	None	No
Total							219,793			

- (i) Offshore USD Perpetual Bond was issued in specific denomination of USD200,000 and integral multiplies of USD1,000 in excess thereof at an issue price of 100%.

**(b) Main clauses and basic information**

With the approvals of relevant regulatory authorities, the Bank issued RMB80,000 million, RMB70,000 million and RMB30,000 million of undated capital bonds on 26 July 2019, 4 June 2021 and 24 November 2021 (hereinafter referred to as "2019 Domestic Perpetual Bond", "2021 Domestic Perpetual Bond Series 1" and "2021 Domestic Perpetual Bond Series 2" respectively, collectively Domestic Perpetual Bonds) in the National Interbank Bond Market.

The Bank issued USD6,160 million of undated capital bonds (hereinafter referred to as "Offshore Perpetual Bond") on The Stock Exchange of Hong Kong Limited on 24 September 2021.

The funds raised by the Bank from the bonds were used to supplement additional tier 1 capital of the Bank in accordance with the relevant laws and approvals by regulatory authorities.

### **(i) Interest**

Each Domestic Perpetual Bond has a par value of RMB100, and the interest rate of the bonds for the first five years are 4.45% for 2019 Domestic Perpetual Bond, 4.04% for 2021 Domestic Perpetual Bond Series 1, and 3.65% for 2021 Domestic Perpetual Bond Series 2, resetting every 5 years. The rates are determined by a benchmark rate plus a fixed spread. The initial fixed spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period. The interest of Domestic Perpetual Bonds shall be paid annually.

The interest rate of Offshore Perpetual Bond for the first five years is 3.20%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread, and the fixed spread will remain unchanged during the duration period. The dividend shall be paid semi-annually.

### **(ii) Interest stopper and setting mechanism**

The interest payment for both the Domestic Perpetual Bonds and Offshore Perpetual Bond is non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions on the interest payment and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment.

### **(iii) Order of distribution and liquidation method**

The claims in respect of Domestic Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to Domestic Perpetual Bonds, and will rank in priority to all classes of shares held by shareholders of the Bank. The claims in respect of Offshore Perpetual Bond will be subordinated to claims of depositors, general creditors, tier 2 capital bond holders and subordinated indebtedness that rank senior to the Offshore Perpetual Bond, and will rank in priority to all classes of shares held by shareholders of the Bank. Domestic Perpetual Bonds and Offshore Perpetual Bond will rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

### **(iv) Write down conditions**

For 2019 Domestic Perpetual Bond, upon the occurrence of an Additional Tier 1 Capital Trigger Event (Common Equity Tier 1 Capital Adequacy Ratio of the Bank falling to 5.125% or below), the Bank has the right to write down all or part of the total nominal amount of the outstanding 2019 Domestic Perpetual Bond with the consent of the CBIRC but without the need for the consent of the bond holders, in order to restore the Common Equity Tier 1 Capital Adequacy Ratio of the Bank to above 5.125%. Upon the occurrence of a Tier 2 Capital Trigger Event, without the need for the consent of the bond holders, the Bank has the right to write down all the total nominal amount of the outstanding 2019 Domestic Perpetual Bond.

For 2021 Domestic Perpetual Bond Series 1 and 2021 Domestic Perpetual Bond Series 2, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the nominal amount of the outstanding perpetual bonds without the need for the consent of the bond holders.

For Offshore Perpetual Bond, upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the perpetual bonds issued and outstanding at that time up to the total nominal value without the need for the consent of the bond holders.

### (v) Redemption conditions

The duration of the Domestic Perpetual Bonds and Offshore Perpetual Bond is the same as the continuing operation of the Bank. Five years after the issuance date of the Domestic Perpetual Bonds and Offshore Perpetual Bond, the Bank shall have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the perpetual bonds are not classified as additional tier 1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Domestic Perpetual Bonds and Offshore Perpetual Bond fully instead of partly.

### (c) Changes in perpetual bond outstanding

Financial instrument outstanding	1 January 2022			Movement during the year			31 December 2022		
	Amount (million units)	In original currency (million)	In RMB (million)	Amount (million units)	In original currency (million)	In RMB (million)	Amount (million units)	In original currency (million)	In RMB (million)
Offshore									
USD Perpetual bond	N/A	6,160	39,793	-	-	-	N/A	6,160	39,793
Domestic									
RMB2019 Perpetual bond	800	80,000	80,000	-	-	-	800	80,000	80,000
RMB2021 Perpetual bond Series 1	700	70,000	70,000	-	-	-	700	70,000	70,000
RMB2021 Perpetual bond Series 2	300	30,000	30,000	-	-	-	300	30,000	30,000
Total			219,793			-			219,793

The carrying amount of perpetual bonds issued by the Bank, net of related issuance fees, was RMB219,717 million as at 31 December 2022 (31 December 2021: RMB219,717 million).

### (3) Interests attributable to equity instruments' holders

Items	31 December 2022	31 December 2021
1. Total equity attributable to equity holders of the parent company	3,495,171	3,257,755
(1) Equity attributable to ordinary shareholders of the parent company	3,140,840	2,903,424
(2) Equity attributable to other equity instrument holders of the parent company	354,331	354,331
2. Total equity attributable to non-controlling interests	18,655	17,503
(1) Equity attributable to ordinary shareholders of non-controlling interests	18,655	17,503
(2) Equity attributable to other equity instrument holders of non-controlling interests	-	-



## **40. RESERVES**

### **(a) Capital reserve**

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value.

### **(b) Surplus reserves**

#### **(i) Statutory surplus reserve**

The Bank is required to appropriate 10% of its profit for the year, as determined under the Accounting Standards for Business Enterprises and other relevant requirements ("PRC GAAP"), pursuant to the Company Law of the PRC and the Articles of the Bank to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses of the Bank, if any, and may also be converted into capital of the Bank, provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before capitalisation.

Pursuant to the resolution of the board of directors' meeting held on 30 March 2023, the total appropriation to surplus reserve of the Bank was RMB34,411 million (2021: RMB32,494 million), among which an appropriation of 10% of the profit of the Bank for the year determined under the PRC GAAP to the statutory surplus reserve, in the amount of RMB34,343 million (2021: RMB32,438 million) was approved and a total surplus reserve appropriated by overseas branches was RMB68 million (2021: RMB56 million) pursuant to the requirements of local authorities.

#### **(ii) Discretionary surplus reserve**

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year determined under the PRC GAAP to the discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

#### **(iii) Other surplus reserve**

The Bank's overseas entities appropriate their profits to other surplus reserve or statutory reserve in accordance with the relevant laws and regulations promulgated by the local regulatory bodies.

### **(c) General reserve**

In accordance with the "Administrative Measures for the Provision of Reserves of Financial Enterprises" (Cai Jin [2012] No. 20) issued by the MOF, the Bank maintains a general reserve within equity, through the appropriation of profit for the year, which should not be less than 1.5% of the year-end balance of its risk assets, to partially cover unidentified possible losses.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

Pursuant to the resolution of the board of directors' meeting held on 30 March 2023, the total appropriation to general reserve of the Bank was RMB53,571 million (2021: RMB97,505 million). The general reserve balance of the Bank as at 31 December 2022 amounted to RMB480,285 million, which reached 1.5% of the year-end balance of the Bank's risk assets.

### **(d) Investment revaluation reserve**

The investment revaluation reserve records the fair value changes and impairment provision of financial investments measured at FVTOCI.

#### (e) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries and branches incorporated outside Chinese mainland.

#### (f) Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the gains or losses on the hedging instruments.

#### (g) Other reserves

Other reserves represent reserves other than the items listed above, including other comprehensive income recognised under the equity method.

#### (h) Distributable profits

The Bank's distributable profit is based on its retained profits as determined under PRC GAAP and IFRSs, whichever is lower. The amount that the Bank's subsidiaries can legally distribute is determined by referring to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRSs.

### 41. OTHER COMPREHENSIVE INCOME

#### (a) Other comprehensive income attributable to equity holders of the parent company in the consolidated statement of financial position

	Investment revaluation reserve	Foreign currency translation reserve	Other	Total
1 January 2021	22,377	(27,882)	(4,923)	(10,428)
Movement during the year	2,251	(12,117)	1,951	(7,915)
31 December 2021 and 1 January 2022	24,628	(39,999)	(2,972)	(18,343)
Movement during the year	(23,861)	22,758	(1,038)	(2,141)
31 December 2022	767	(17,241)	(4,010)	(20,484)

**(b) Other comprehensive income in the consolidated statement of profit or loss and other comprehensive income**

	2022	2021
Items that will not be reclassified to profit or loss:		
(i) Changes in fair value of equity instruments designated as at FVTOCI	(2,968)	(1,180)
(ii) Other comprehensive income recognised under the equity method	(25)	15
(iii) Other	13	28
Items that may be reclassified subsequently to profit or loss:		
(i) Changes in fair value of debt instruments measured at FVTOCI	(27,769)	5,777
Less: Amount transferred to profit or loss from other comprehensive income and income tax effect	3,394	(4,154)
	(24,375)	1,623
(ii) Credit losses of debt instruments measured at FVTOCI	3,831	1,827
(iii) Cash flow hedging reserve:		
Gain during the year	1,268	374
Less: Income tax effect	16	68
	1,284	442
(iv) Other comprehensive income recognised under the equity method	(313)	541
(v) Foreign currency translation reserve	21,345	(12,353)
(vi) Other	(1,975)	885
	(3,183)	(8,172)

**42. CASH AND CASH EQUIVALENTS**

	31 December 2022	31 December 2021
Cash on hand	66,340	62,872
Balances with central banks other than restricted deposits	516,558	338,551
Deposits with banks and other financial institutions with original maturity of three months or less	228,987	228,082
Placements with banks and other financial institutions with original maturity of three months or less	365,112	157,323
Reverse repurchase agreements with original maturity of three months or less	749,854	649,929
	1,926,851	1,436,757

### 43. INTERESTS IN STRUCTURED ENTITIES

#### (a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include investment funds, asset management plans and asset-backed securities, trust plans and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issuance of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

	31 December 2022		31 December 2021	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Investment funds	41,342	41,342	36,702	36,702
Asset management plans and asset-backed securities	79,311	79,311	77,997	77,997
Trust plans	16,732	16,732	20,903	20,903
	137,385	137,385	135,602	135,602

The maximum loss exposures in the above investment funds, asset management plans and asset-backed securities, trust plans are the carrying amounts which are measured at amortised cost, or the fair value of the investments held by the Group as at the reporting date.

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets were recognised relating to the Group's interests in structured entities sponsored by third party institutions:

	31 December 2022		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	41,342	–	–
Asset management plans and asset-backed securities	24,958	8,769	45,584
Trust plans	1,204	–	15,528
	67,504	8,769	61,112

	31 December 2021		
	Financial investments measured at FVTPL	Financial investments measured at FVTOCI	Financial investments measured at amortised cost
Investment funds	36,702	–	–
Asset management plans and asset-backed securities	18,661	2,740	56,596
Trust plans	1,435	–	19,468
	56,798	2,740	76,064

**(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest**

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest held by the Group includes investments in the products issued by these unconsolidated structured entities and fees charged for providing management services. As at 31 December 2022 and 31 December 2021, the carrying amounts of the investments in the products issued by these structured entities and fee receivables being recognised were not material in the consolidated financial statements. Management fee income earned by the Group was included in fee and commission income of personal wealth management and private banking services and corporate wealth management services set out in Note 7.

As at 31 December 2022, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products and investment funds, which are sponsored by the Group, were RMB2,143,978 million (31 December 2021: RMB2,586,393 million) and RMB1,713,743 million (31 December 2021: RMB1,810,281 million) respectively.

In 2022, the amount of the average exposure of financing transactions through placements and reverse repurchase agreements from the Group with non-principal-guaranteed wealth management products sponsored by the Group was RMB21,631 million (2021: RMB26,699 million). The transactions were conducted in the ordinary course of business under normal terms and conditions and at market rates.

**(c) Consolidated structured entities**

The consolidated structured entities of the Group are primarily the principal-guaranteed wealth management products, certain investment funds, asset-backed securities and asset management plans issued or initiated and invested by the Group or purchased due to regulatory requirements related to wealth management business. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's variable returns.

**44. TRANSFERRED FINANCIAL ASSETS**

The Group enters into transactions in the ordinary course of business by which it transfers recognised financial assets to third parties or structured entities. In some cases, these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

**Repurchase transactions and securities lending transactions**

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. For securities lent out, if the securities increase or decrease in value, the Group may in certain circumstances require additional cash collateral from counterparties or return part of the cash collateral to counterparties. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

As at 31 December 2022, the par value of the financial assets transferred to third parties that did not qualify for derecognition in the repurchase agreements and securities lending transactions were RMB156,154 million and RMB23,314 million respectively.

### Securitisation transactions

The Group transfers credit assets to structured entities which issue asset-backed securities to investors. The Group may acquire some asset-backed securities at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the consolidated statement of financial position to the extent of the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. As at 31 December 2022, loans with an original carrying amount of RMB627,857 million at the time of transfer (31 December 2021: RMB619,736 million) have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets. The carrying amount of assets that the Group continues to recognise on the consolidated statement of financial position was RMB75,925 million as at 31 December 2022 (31 December 2021: RMB74,121 million).

As at 31 December 2022, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB721 million (31 December 2021: RMB973 million), and its maximum exposure approximated to the carrying amount.

With respect to the securitisation of financial assets that do not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration received is recorded as a financial liability. As at 31 December 2022, transferred credit assets that were not qualified for derecognition of the Group amounted to RMB132 million at the time of transfer (31 December 2021: RMB132 million).

### 45. ASSETS PLEDGED AS SECURITY

The Group's collaterals for liabilities or contingent liabilities include financial assets such as securities and bills, which mainly serve as collaterals for repurchase agreements, securities borrowing, derivatives, or local statutory requirements. As at 31 December 2022, the par value of the financial assets of the Group pledged as collateral amounted to approximately RMB940,239 million (31 December 2021: approximately RMB319,877 million).

### 46. SHARE APPRECIATION RIGHTS PLAN

The Bank's share appreciation rights plan was approved in 2006, which allows share appreciation rights to be granted to eligible participants including directors, supervisors, senior management and other key personnel designated by the board of directors. The share appreciation rights will be granted and exercised based on the price of the Bank's H shares and will be valid for 10 years. As at the approval date of these financial statements, no share appreciation rights have been granted.

## 47. COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

At the end of the reporting period, the Group had capital commitments as follows:

	31 December 2022	31 December 2021
Contracted but not provided for	19,427	31,307

### (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 2022	31 December 2021
Bank acceptances	680,068	449,141
Guarantees issued		
– Financing letters of guarantees	56,365	50,114
– Non-financing letters of guarantees	501,054	444,418
Sight letters of credit	53,646	54,466
Usance letters of credit	112,606	114,733
Loan commitments		
– With an original maturity of under one year	108,102	50,199
– With an original maturity of one year or over	348,202	497,892
Undrawn credit card limits	1,111,002	1,069,406
	2,971,045	2,730,369

	31 December 2022	31 December 2021
Credit risk-weighted assets of credit commitments	1,113,801	1,082,099

### (c) Operating leases

At the end of the reporting period, the Group's total future minimum lease receivables in respect of non-cancellable operating leases of assets are as follows:

	31 December 2022	31 December 2021
Within one year	16,946	16,451
Over one year but within two years	15,380	15,920
Over two years but within three years	14,627	15,937
Over three years but within five years	24,864	27,840
Over five years	57,258	59,648
	129,075	135,796

### (d) Legal proceedings and arbitrations

The Group is involved in lawsuits and arbitrations during its normal course of operations. As at 31 December 2022, there were a number of legal proceedings and arbitrations outstanding against the Bank and/or its subsidiaries with a total claimed amount of RMB4,738 million (31 December 2021: RMB6,165 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 2022 were RMB62,140 million (31 December 2021: RMB75,553 million). Management expects that the redemption obligation of these PRC government bonds by the Bank prior to maturity will not be material.

As at 31 December 2022, the Group has not had any outstanding securities underwriting commitments (31 December 2021: RMB6,350 million).

### (f) Designated funds and loans

	31 December 2022	31 December 2021
Designated funds	3,420,373	2,783,961
Designated loans	3,420,106	2,783,778

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. Revenue from such activities is included in “net fee and commission income” set out in Note 7. Those assets held in a fiduciary capacity are not included in the Group’s consolidated statement of financial position.

## 48. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the reporting year:

### (a) The MOF

The MOF is a ministry under the State Council of the PRC, primarily responsible for, among others, state fiscal revenues, expenses and taxation policies. As at 31 December 2022, the MOF directly owned approximately 31.14% (31 December 2021: approximately 31.14%) of the issued share capital of the Bank. The Group entered into banking transactions with the MOF in its ordinary course of business. Details of the major transactions are as follows:

	31 December 2022	31 December 2021
Balances at end of the year:		
The PRC government bonds and the special government bond	1,935,944	1,563,353
	2022	2021
Transactions during the year:		
Interest income on the government bonds	46,812	42,953

Other related party transactions between the Group and enterprises under the control or joint control of the MOF are disclosed in Note 48(i) “Transactions with state-owned entities in the PRC”.

### (b) Huijin

Central Huijin Investment Ltd. (“Huijin”) is a wholly-owned subsidiary of China Investment Corporation, and in accordance with the authorisation of the State Government, Huijin makes equity investments in major state-owned financial enterprises, and shall, to the extent of its capital contribution, exercise the rights and perform the obligations as an investor on behalf of the State Government in accordance with applicable laws, to achieve the goal of preserving and enhancing the value of state-owned financial assets. Huijin does not conduct any other businesses or commercial activities nor intervene in the day-to-day business operations of the financial enterprises in which it invests. Huijin was established on 16 December 2003 with a total registered and paid-in capital of RMB828,209 million. As at 31 December 2022, Huijin directly owned approximately 34.71% (31 December 2021: approximately 34.71%) of the issued share capital of the Bank.

As at 31 December 2022, bonds issued by Huijin (“the Huijin Bonds”) held by the Group were of an aggregate face value of RMB50,237 million (31 December 2021: RMB63,660 million), with terms ranging from one to thirty years and coupon rates ranging from 2.15% to 4.38%. The Huijin Bonds are government-backed bonds, short-term bills and medium-term notes. The Group’s subscription of the Huijin Bonds was conducted in the ordinary course of business, in compliance with relevant regulatory and the corporate governance requirements of the Group.

The Group entered into banking transactions with Huijin in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	31 December 2022	31 December 2021
Balances at end of the year:		
Debt securities purchased	51,083	64,841
Loans and advances to customers	19,015	–
Due to customers	11,813	60,331

	2022	2021
Transactions during the year:		
Interest income on debt securities purchased	1,833	2,306
Interest income on loans and advances to customers	49	74
Interest expense on amounts due to customers	658	799

Huijin holds equity interests in certain other banks and financial institutions under the direction of the State Government. The Group entered into transactions with these banks and financial institutions in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Management considers that these banks and financial institutions are competitors of the Group. Details of major transactions conducted with these banks and financial institutions are as follows:

	31 December 2022	31 December 2021
Balances at end of the year:		
Debt securities purchased	641,257	536,655
Due from banks and other financial institutions	207,170	174,811
Reverse repurchase agreements	49,410	23,796
Loans and advances to customers	1,336	3,794
Derivative financial assets	7,767	7,375
Due to banks and other financial institutions	238,492	276,415
Repurchase agreements	6,200	13,246
Derivative financial liabilities	7,409	6,318
Due to customers	646	917
Credit commitments	8,821	8,750

	2022	2021
Transactions during the year:		
Interest income on debt securities purchased	16,174	17,805
Interest income on amounts due from banks and other financial institutions	999	623
Interest income on reverse repurchase agreements	12	42
Interest income on loans and advances to customers	37	52
Interest expense on amounts due to banks and other financial institutions	2,191	1,018
Interest expense on repurchase agreements	2	8
Interest expense on amounts due to customers	8	10

### (c) National Council for Social Security Fund of the People's Republic of China

National Council for Social Security Fund (the "SSF") is a public institution managed by the MOF. It is the management and operating organisation of the national social security fund. As at 31 December 2022, the SSF held approximately 5.72% (31 December 2021: approximately 5.69%) of the Bank's issued share capital. The Group entered into banking transactions with the SSF in the ordinary course of business under normal commercial terms and the transactions were priced based on market rates. Details of the major transactions are as follows:

	31 December 2022	31 December 2021
Balances at end of the year:		
Due to customers	48,000	38,000
Transactions during the year:		
Interest expense on amounts due to customers	2,028	1,284

### (d) Subsidiaries

	31 December 2022	31 December 2021
Balances at end of the year:		
Financial investments	42,242	33,753
Due from banks and other financial institutions	422,401	410,896
Reverse repurchase agreements	15,423	26,481
Loans and advances to customers	79,639	45,269
Derivative financial assets	6,183	7,897
Due to banks and other financial institutions	187,431	151,307
Repurchase agreements	2,581	–
Derivative financial liabilities	8,680	8,519
Credit commitments	60,370	60,280
Transactions during the year:		
Interest income on financial investments	1,495	1,386
Interest income on amounts due from banks and other financial institutions	1,666	715
Interest income on reverse repurchase agreements	70	13
Interest income on loans and advances to customers	1,359	653
Interest expense on amounts due to banks and other financial institutions	3,086	599
Interest expense on repurchase agreements	22	–
Fee and commission income	4,108	5,636

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements.

**(e) Associates and affiliates**

	31 December 2022	31 December 2021
Balances at end of the year:		
Debt securities purchased	11,265	13,162
Due from banks and other financial institutions	4,652	13,652
Reverse repurchase agreements	1,469	191
Loans and advances to customers	3,815	3,672
Derivative financial assets	3,085	1,797
Due to banks and other financial institutions	2,250	9,858
Due to customers	1,568	638
Derivative financial liabilities	3,108	2,436
Credit commitments	5,085	6,145

	2022	2021
Transactions during the year:		
Interest income on debt securities purchased	344	387
Interest income on amounts due from banks and other financial institutions	49	181
Interest income on reverse repurchase agreements	1	0
Interest income on loans and advances to customers	80	33
Interest expense on amounts due to banks and other financial institutions	70	95
Interest expense on amounts due to customers	41	0

Transactions between the Group and the aforementioned parties were conducted under normal commercial terms and conditions and priced based on market rates.

**(f) Joint ventures and affiliates**

	31 December 2022	31 December 2021
Balances at end of the year:		
Loans and advances to customers	44	–
Due to customers	4	18

	2022	2021
Transactions during the year:		
Interest income on loans and advances to customers	4	0
Interest expense on amounts due to customers	0	0

Transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

### (g) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors and the board of supervisors, and executive officers.

The aggregate compensation of key management personnel is as follows:

	2022	2021
	In RMB'000	In RMB'000
Salaries and benefits	14,294	21,673

The above remuneration before tax payable to key management personnel for 2021 represents the total amount of their annual remunerations, which includes the amount disclosed in the 2021 annual report.

The total compensation packages for the Chairman of the Board of Directors, President, Chairman of the Board of Supervisors, Executive Directors, Shareholder Supervisors of the Bank, and other Senior Management members have not been finalised in accordance with the regulations of the PRC relevant authorities. The total remuneration not yet accrued is not expected to have a significant impact on the Group's 2022 consolidated financial statements. The total compensation packages will be further disclosed when determined by the relevant authorities.

Related parties of the Group include key management personnel of the Group and their close relatives, as well as companies controlled, jointly controlled or significantly influenced by key management personnel or their close relatives.

In 2022, there were no material transactions and balances with key management personnel individually or in the aggregate (2021: Immaterial). The Group entered into banking transactions with key management personnel in the ordinary course of business.

The aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of Shanghai Stock Exchange was RMB11.32 million as at 31 December 2022 (31 December 2021: RMB12.23 million).

The Bank's aggregate balance of loans and credit card overdrafts to the persons who are considered as related parties according to the relevant rules of CBIRC was RMB195.17 million as at 31 December 2022 (31 December 2021: RMB183.71 million).

The transactions between the Group and the aforementioned parties were conducted in the ordinary course of business under normal terms and conditions and priced based on market rates.

## (h) Annuity fund

Apart from the obligations for defined contributions to the annuity fund established by the Bank, annuity fund held A shares of the Bank with market value of RMB0 as at 31 December 2022 (31 December 2021: RMB3.16 million), and bonds issued by the Bank of RMB527.91 million as at 31 December 2022 (31 December 2021: RMB324.13 million).

## (i) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the “state-owned entities”). During the reporting year, the Group entered into extensive banking transactions with these state-owned entities including, but are not limited to, lending and deposit taking, taking and placing of interbank balances, entrusted lending and the provision of intermediary services, the sale, purchase, underwriting and redemption of bonds issued by other state-owned entities, and the sale, purchase, and leasing of properties and other assets.

The transactions with state-owned entities are activities conducted in the ordinary course of business under normal terms and conditions and priced based on market rates, and the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those state-owned entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

## (j) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiaries are excluded.

	31 December 2022		31 December 2021	
	Balance	Percentage	Balance	Percentage
Financial investments	2,639,549	25.07%	2,178,011	23.53%
Due from banks and other financial institutions	211,822	20.32%	188,463	22.78%
Reverse repurchase agreements	50,879	5.89%	23,987	3.62%
Loans and advances to customers	24,210	0.11%	7,466	0.04%
Derivative financial assets	10,852	12.44%	9,172	12.05%
Due to banks and other financial institutions	240,742	7.56%	286,273	9.80%
Repurchase agreements	6,200	1.08%	13,246	3.62%
Derivative financial liabilities	10,517	10.92%	8,754	12.27%
Due to customers	62,031	0.21%	99,904	0.38%
Credit commitments	13,906	0.47%	14,895	0.55%

	2022		2021	
	Amount	Percentage	Amount	Percentage
Interest income	66,394	5.19%	64,456	5.55%
Interest expense	4,998	0.85%	3,214	0.68%

## 49. SEGMENT INFORMATION

### (a) Operating segments

The Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisation structure, management requirements and internal reporting system.

#### *Corporate banking*

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

#### *Personal banking*

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

#### *Treasury operations*

The treasury operations segment covers the Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions for its own accounts or on behalf of customers.

#### *Other*

This segment covers the Group's assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of the Group's business units 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.

	2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
External net interest income	291,628	132,168	269,891	–	693,687
Internal net interest income/(expense)	14,267	167,717	(181,984)	–	–
Net fee and commission income	74,554	54,228	483	–	129,265
Other income/(expense), net (i)	8,466	(8,010)	11,984	6,049	18,489
Operating income	388,915	346,103	100,374	6,049	841,441
Operating expenses	(97,437)	(122,897)	(16,812)	(3,738)	(240,884)
Impairment losses on assets	(125,707)	(24,851)	(30,822)	(1,039)	(182,419)
Operating profit	165,771	198,355	52,740	1,272	418,138
Share of results of associates and joint ventures	–	–	–	4,427	4,427
Profit before taxation	165,771	198,355	52,740	5,699	422,565
Income tax expense					(61,527)
Profit for the year					361,038
Other segment information:					
Depreciation and amortisation	10,543	13,271	2,781	111	26,706
Capital expenditure	13,255	16,618	3,501	139	33,513

	31 December 2022				
	Corporate banking	Personal banking	Treasury operations	Other	Total
Segment assets	14,683,048	8,658,389	15,992,193	174,427	39,508,057
Including: Investments in associates and joint ventures	–	–	–	65,878	65,878
Property and equipment	106,222	141,504	27,976	18,185	293,887
Other non-current assets (ii)	45,386	22,659	5,610	9,649	83,304
Unallocated assets					101,600
Total assets					39,609,657
Segment liabilities	15,448,837	15,326,369	5,039,830	191,414	36,006,450
Unallocated liabilities					89,381
Total liabilities					36,095,831
Other segment information:					
Credit commitments	1,861,309	1,109,736	–	–	2,971,045

(i) Includes net trading income, net gains on financial investments and other net operating income.

(ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.



Notes to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

	2021				Total
	Corporate banking	Personal banking	Treasury operations	Other	
External net interest income	292,402	146,911	251,367	–	690,680
Internal net interest income/(expense)	17,262	148,301	(165,563)	–	–
Net fee and commission income	78,082	53,760	1,182	–	133,024
Other income/(expense), net (i)	10,627	(2,800)	24,292	5,057	37,176
Operating income	398,373	346,172	111,278	5,057	860,880
Operating expenses	(94,823)	(121,173)	(16,885)	(3,346)	(236,227)
Impairment losses on assets	(162,981)	(29,341)	(9,067)	(1,234)	(202,623)
Operating profit	140,569	195,658	85,326	477	422,030
Share of results of associates and joint ventures	–	–	–	2,869	2,869
Profit before taxation	140,569	195,658	85,326	3,346	424,899
Income tax expense					(74,683)
Profit for the year					350,216
Other segment information:					
Depreciation and amortisation	10,452	10,901	3,370	125	24,848
Capital expenditure	18,219	19,027	5,870	215	43,331

	31 December 2021				Total
	Corporate banking	Personal banking	Treasury operations	Other	
Segment assets	12,436,885	8,399,240	14,086,517	169,482	35,092,124
Including: Investments in associates and joint ventures	–	–	–	61,782	61,782
Property and equipment	112,952	120,366	37,432	19,546	290,296
Other non-current assets (ii)	43,468	20,945	6,304	9,944	80,661
Unallocated assets					79,259
Total assets					35,171,383
Segment liabilities	13,960,681	13,213,984	4,425,332	198,061	31,798,058
Unallocated liabilities					98,067
Total liabilities					31,896,125
Other segment information:					
Credit commitments	1,674,769	1,055,600	–	–	2,730,369

(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 and 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.

	2022									
	Chinese mainland (HO and domestic branches)								Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and other		
External net interest income	290,613	77,438	80,913	11,062	77,663	103,557	8,725	43,716	–	693,687
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	12,830	(1,670)	129,265
Other income/(expense), net (i)	11,096	(1,992)	(1,078)	(1,057)	(594)	(1,297)	(842)	12,651	1,602	18,489
Operating income	84,325	148,527	113,459	153,822	114,809	130,802	29,214	66,551	(68)	841,441
Operating expenses	(30,360)	(36,619)	(26,794)	(37,485)	(34,096)	(38,699)	(13,050)	(23,849)	68	(240,884)
Impairment losses on assets	(53,708)	(13,775)	(26,978)	(21,243)	(20,634)	(30,262)	(4,286)	(11,533)	–	(182,419)
Operating profit	257	98,133	59,687	95,094	60,079	61,841	11,878	31,169	–	418,138
Share of results of associates and joint ventures	–	–	–	–	–	–	–	4,427	–	4,427
Profit before taxation	257	98,133	59,687	95,094	60,079	61,841	11,878	35,596	–	422,565
Income tax expense	–	–	–	–	–	–	–	–	–	(61,527)
Profit for the year	–	–	–	–	–	–	–	–	–	361,038
Other segment information:										
Depreciation and amortisation	4,534	3,946	2,696	3,972	3,511	4,206	1,471	2,370	–	26,706
Capital expenditure	3,758	3,579	2,796	2,933	3,292	3,547	1,099	12,509	–	33,513

Notes to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

31 December 2022										
	Chinese mainland (HO and domestic branches)							Overseas and other	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China			
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	4,365,670	(6,034,973)	39,508,057
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	65,878	–	65,878
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	25,849	–	83,304
Unallocated assets										101,600
Total assets										39,609,657
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	1,139,365	(6,034,973)	36,006,450
Unallocated liabilities										89,381
Total liabilities										36,095,831
Other segment information:										
Credit commitments	1,157,911	1,378,232	931,972	1,106,387	624,496	680,902	160,799	796,832	(3,866,486)	2,971,045

- (i) Includes net trading income, net gains on financial investments and other net operating income.
- (ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

2021										
	Chinese mainland (HO and domestic branches)							Overseas and other	Eliminations	Total
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China			
External net interest income	268,554	79,643	83,851	24,702	77,869	105,129	12,041	38,891	–	690,680
Internal net interest (expense)/income	(202,860)	39,174	11,381	106,166	20,293	12,805	15,066	(2,025)	–	–
Net fee and commission income	47,014	21,368	14,503	17,067	8,623	11,540	2,361	12,120	(1,572)	133,024
Other income/(expense), net (i)	22,780	(3,641)	(2,261)	(2,275)	(1,428)	(2,675)	114	25,059	1,503	37,176
Operating income	135,488	136,544	107,474	145,660	105,357	126,799	29,582	74,045	(69)	860,880
Operating expenses	(32,376)	(34,986)	(26,051)	(37,142)	(33,208)	(38,426)	(12,923)	(21,184)	69	(236,227)
Impairment losses on assets	(45,081)	(17,638)	(21,724)	(44,135)	(25,034)	(22,896)	(15,400)	(10,715)	–	(202,623)
Operating profit	58,031	83,920	59,699	64,383	47,115	65,477	1,259	42,146	–	422,030
Share of results of associates and joint ventures	–	–	–	–	–	–	–	2,869	–	2,869
Profit before taxation	58,031	83,920	59,699	64,383	47,115	65,477	1,259	45,015	–	424,899
Income tax expense										(74,683)
Profit for the year										350,216
Other segment information:										
Depreciation and amortisation	3,910	3,412	2,584	3,939	3,358	4,040	1,450	2,155	–	24,848
Capital expenditure	6,089	4,639	3,845	3,710	4,100	4,625	1,501	14,822	–	43,331

	31 December 2021									
	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	8,145,032	8,248,981	5,870,705	5,186,815	3,786,925	4,553,489	1,333,077	4,100,318	(6,133,218)	35,092,124
Including: Investments in associates and joint ventures	–	–	–	–	–	–	–	61,782	–	61,782
Property and equipment	13,971	33,190	13,729	20,726	18,911	23,331	8,865	157,573	–	290,296
Other non-current assets (ii)	16,056	7,371	6,075	7,087	8,457	9,685	2,317	23,613	–	80,661
Unallocated assets										79,259
Total assets										35,171,383
Liabilities by geographical areas	5,470,908	8,944,022	5,645,178	7,928,583	3,568,847	3,745,729	1,539,014	1,088,995	(6,133,218)	31,798,058
Unallocated liabilities										98,067
Total liabilities										31,896,125
Other segment information:										
Credit commitments	1,123,767	1,172,580	791,688	1,001,597	450,171	611,013	147,856	631,815	(3,200,118)	2,730,369

- (i) Includes net trading income, net gains on financial investments and other net operating income.
- (ii) Includes intangible assets, goodwill, long-term deferred expenses, right-of-use assets and other non-current assets.

## 50. FINANCIAL RISK MANAGEMENT

The board of directors (the “Board”) has the ultimate responsibility for risk management and oversees the Group’s risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises risk management and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee, which set the risk management strategies and appetite, evaluate and formulate risk management policies and procedures, and make recommendations through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise the Bank’s risk management.

The Group has clearly defined the roles of each department in monitoring financial risks within the Group. The Credit and Investment Management Department monitors credit risk, the Risk Management Department together with the Asset and Liability Management Department monitor market and liquidity risks, and the Internal Control and Compliance Department monitors operational risk. The Risk Management Department is primarily responsible for establishing and coordinating a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk and operational risk and reporting directly to the Chief Risk Officer.

The Bank maintains a dual-reporting risk management structure at the branch level. Under this structure, the risk management department of the branches report to both the Group risk management department and the management of the branches.

## **(a) Credit risk**

### ***Definition and scope***

Credit risk is the risk of loss arising from a borrower or counterparty's failure to perform its obligations. Operational failures which result in unauthorised or inappropriate guarantees, financial commitments or investments by the Group may also give rise to credit risk. The Group's credit risk is mainly attributable to its loans, due from banks and other financial institutions and financial investments.

The Group is also exposed to credit risk in other areas. The credit risk arising from derivative financial instruments is limited to derivative financial assets recorded in the consolidated statement of financial position. In addition, the Group provides guarantees for customers and may therefore be required to make payments on their behalf. These payments would be recovered from customers in accordance with the terms of the agreement. Therefore, the Group assumes a credit risk similar to that arising from loans and applies the same risk control procedures and policies to reduce risks.

### ***Credit risk assessment method***

#### **Staging of financial instruments**

The Group classifies financial instruments into three stages and makes provisions for expected credit loss accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition and whether the assets have been credit-impaired. Refer to Note 4(10) Impairment of financial assets for the definition of the three stages.

During the reporting year, based on the requirements of the Implementation Rules on Expected Credit Loss Approach of Commercial Banks, the Group has analysed the historical data of credit risk exposures and the current risk profile, identified various factors that are most relevant to credit risk changes, optimised and adjusted the criteria of financial instruments staging.

#### **Classification of credit risk exposures**

The Group classifies credit risk exposures with sufficient information by considering factors such as internal ratings-based ("IRB") segmentation, product types, customer types, industry risk characteristics, and response to macro-economic changes.

#### **Significant increase in credit risk**

The assessment of significant increase in credit risk since initial recognition is performed at least on a quarterly basis for financial instruments held by the Group. The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and operating environment, internal and external credit risk rating, debt-servicing capacity, operating capabilities, contractual terms, and repayment willingness and records. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the end of the reporting period and its risk of default at the date of initial recognition to determine changes in the risk of default over the expected lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether the probability of default has risen above threshold, the background for financing have been authenticated, the financial instrument has been past due for more than 30 days, the loan has been modified in payment term of principal or interest, any significant negative issue has been arisen and any other indicators of increase in risk have been noticed.

The Group has further facilitated the deferral in principal repayment and interest payment credit arrangements for the inclusive loans to micro and small-sized businesses in accordance with the government's regulations. The Group classifies the credit risk based on the actual situation of the borrower and the judgement of the substantive risk of the business for those loans with deferred principal repayment and interest payment. However, the temporary deferral in principal repayment and interest payment are not considered as an automatic trigger event for a significant increase in credit risk.

### ***Definition of default***

The Group defines a corporate borrower as in default when it meets one or more of the following criteria:

- (i) The principal or interest of any credit business is past due more than 90 days to the Group;
- (ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or
- (iii) The corporate borrower has the matters refer to in (i) or (ii) above in other financial institutions.

The Group defines a retail business borrower as in default when any single credit asset of a borrower meets one or more of the following criteria:

- (i) The principal or interest of loan is past due more than 90 days;
- (ii) Write-offs of loan; or
- (iii) The retail business borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral.

### ***Impairment assessment***

A financial asset is generally considered to be credit-impaired if:

- it has been overdue for more than 90 days;
- in light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- it is probable that the borrower will be insolvent or carry out other financial restructurings;
- due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- there are other objective evidences that indicate the financial asset is impaired.

### ***Parameters, assumptions and estimation techniques***

ECL for a financial instrument is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk on that financial instrument has occurred since initial recognition and whether an asset is considered to be credit-impaired. The loss allowance for loans and advances to customers, other than those corporate loans and advance to customers which are credit-impaired, is measured using the risk parameters method. The key parameters include Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money.

PD is the possibility that a customer will default on its obligation within a certain period of time in light of forward-looking information. The Group's PD is adjusted based on the results of the IRB approach under the New Basel Capital Accord, taking the forward-looking information into account and deducting the prudential adjustment to reflect the debtor's point-in-time PD under the current macro-economic environment.

LGD is the magnitude of the likely loss if there is a default in light of forward-looking information. LGD depends on the type of counterparty, the method and priority of the recourse, and the type of collateral, taking the forward-looking adjustments into account.

EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on the historical repayment records.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are monitored and reviewed on a quarterly basis by the Group.

There have been no significant changes in estimation techniques or significant assumptions adopted in ECL calculation during the year.

The impairment loss on credit-impaired corporate loans and advance to customers applied discounted cash flow method. If there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the consolidated statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- the sustainability of the borrower's business plan;
- the borrower's ability to improve performance when a financial difficulty arises;
- the estimated recoverable cash flows from projects and liquidation;
- the availability of other financial support and the realisable value of collateral; and
- the timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

### **Forward-looking information contained in ECL**

The assessment of significant increase in credit risk and the calculation of ECL incorporate forward-looking information. The Group has performed historical data analysis and identified Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Purchasing Managers' Index ("PMI") and other macro-economic indicators as impacting the ECL for each portfolio. The impact of these economic variables on the PD and LGD has been determined by performing statistical regression analysis to understand the correlations among the historical changes of the economic variables, PD and LGD. The impact of these economic variables on the PD and LGD varies according to different types of business. Forecasts of these economic variables are carried out at least quarterly by the Group that provide the best estimate view of the economy over the next year.

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement. The neutral, optimistic and pessimistic scenarios are of comparable weightings, of which, the weighting of neutral scenario is slightly higher than the other two scenarios. The weightings of the scenarios are consistent with those as at 31 December 2021.

As at 31 December 2022, the Group has taken into account different macro-economic scenarios, combined with the impact of factors such as effect of prior period base data on economic development trends, and made forward-looking forecasts of macro-economic indicators. Of which, the year-on-year GDP growth rate used to estimate ECL under each scenario is as follows: 5.3% under neutral scenario, 6.0% under optimistic scenario, and 4.6% under pessimistic scenario.

The Group has carried out sensitivity analysis of macro-economic indicators used in forward-looking measurement. As at 31 December 2022, when the key economic indicators in the neutral scenario moved up or down by 10%, the ECL changed by no more than 5% (31 December 2021: no more than 5%).

### **Financial assets contract modification**

The Group might modify the terms of loan with a customer based on commercial renegotiations, or when the customer is in financial difficulty, with a view to maximise the recovery of loan.

Such modifications include restructuring the loan to provide extended payment term arrangements, payment holidays or payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue, and reviewed regularly. Such restructures are especially common for medium-term loans. The classification of a rescheduled loan shall not be upgraded unless it has met certain criteria and after an observation period of at least 6 months.

The following table includes carrying amount of rescheduled loans and advance to customers:

	31 December 2022	31 December 2021
Rescheduled loans and advances to customers	26,229	19,134
Impaired loans and advances to customers included in above	6,425	7,455

### ***Collateral and other credit enhancements***

The amount and type of collateral required depends on the assessment of credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills and investment securities. As part of certain reverse repurchase agreements, the Group has received collateral that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralised by properties or other assets. As at 31 December 2022, the gross carrying amount of corporate loans and discounted bills amounted to RMB14,975,751 million (31 December 2021: RMB12,722,464 million), of which credit exposure covered by collateral amounted to RMB4,680,161 million (31 December 2021: RMB3,849,616 million).

Retail loans are mainly collateralised by residential properties. As at 31 December 2022, the gross carrying amount of retail loans amounted to RMB8,236,561 million (31 December 2021: RMB7,944,781 million), of which credit exposure covered by collateral amounted to RMB7,361,305 million (31 December 2021: RMB7,056,652 million).

The Group prefers more liquid collateral with relatively stable market value and does not accept collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be appraised and confirmed by the Group or valuation specialists engaged by the Group. The value of collateral should adequately cover the outstanding balance of loans. The Group takes into consideration the types of collateral, state of condition, liquidity, price volatility and realisation cost to determine the loan-to-value ratio of collateral. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

The Group monitors the market value of the collateral and when needed, require additional collateral according to agreements. The Group disposes of repossessed assets in an orderly manner.

#### ***(i) Maximum exposure to credit risk without taking into account of any collateral and other credit enhancements***

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking into account of any collateral and other credit enhancements is set out below:

	31 December 2022	31 December 2021
Balances with central banks	3,361,552	3,035,566
Due from banks and other financial institutions	1,042,504	827,150
Derivative financial assets	87,205	76,140
Reverse repurchase agreements	864,067	663,496
Loans and advances to customers	22,593,648	20,109,200
Financial investments		
Financial investments measured at FVTPL	544,356	465,064
Financial investments measured at FVTOCI	2,084,892	1,704,164
Financial investments measured at amortised cost	7,634,395	6,830,933
Other	93,560	294,960
	38,306,179	34,006,673
Credit commitments	2,971,045	2,730,369
Total maximum credit risk exposure	41,277,224	36,737,042

#### ***(ii) Risk concentrations***

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location or have comparable economic features. In addition, different geographic areas and industrial sectors have their unique characteristics in terms of economic development, and could present a different credit risk.



## (1) Loans and advances to customers

### By geographical distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by geographical distribution is as follows:

	31 December 2022		31 December 2021	
	Amount	Percentage	Amount	Percentage
Head Office	747,980	3.22%	791,994	3.83%
Yangtze River Delta	4,798,204	20.68%	4,163,732	20.15%
Pearl River Delta	3,621,603	15.60%	3,134,781	15.17%
Bohai Rim	3,816,621	16.45%	3,371,325	16.31%
Central China	3,561,290	15.34%	3,133,539	15.16%
Western China	4,225,369	18.20%	3,746,867	18.13%
Northeastern China	978,246	4.21%	895,238	4.33%
Overseas and other	1,462,999	6.30%	1,429,769	6.92%
Total	23,212,312	100.00%	20,667,245	100.00%

### By industry distribution

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is as follows:

	31 December 2022	31 December 2021
Transportation, storage and postal services	3,357,175	3,017,397
Manufacturing	2,068,044	1,801,933
Leasing and commercial services	1,980,076	1,739,367
Water, environment and public utility management	1,531,163	1,388,883
Production and supply of electricity, heating, gas and water	1,313,234	1,152,584
Real estate	976,460	932,390
Wholesale and retail	608,722	559,559
Finance	584,594	357,229
Construction	392,535	343,860
Science, education, culture and sanitation	368,149	312,352
Mining	263,109	239,155
Other	383,705	349,997
Subtotal for corporate loans	13,826,966	12,194,706
Personal mortgage and business loans	7,362,031	7,065,126
Other	874,530	879,655
Subtotal for personal loans	8,236,561	7,944,781
Discounted bills	1,148,785	527,758
Total for loans and advances to customers	23,212,312	20,667,245

### By collateral

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by collateral is as follows:

	31 December 2022	31 December 2021
Unsecured loans	8,221,000	6,988,877
Guaranteed loans	2,544,651	2,459,887
Loans secured by mortgages	9,977,153	9,497,898
Pledged loans	2,469,508	1,720,583
Total	23,212,312	20,667,245

### Overdue loans

The composition of the Group's gross overdue loans (excluding accrued interest) by collateral is as follows:

	31 December 2022				
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	33,114	22,052	30,694	3,304	89,164
Guaranteed loans	11,219	16,734	20,007	5,674	53,634
Loans secured by mortgages	44,182	37,795	38,550	9,999	130,526
Pledged loans	5,287	2,928	1,926	566	10,707
Total	93,802	79,509	91,177	19,543	284,031

	31 December 2021				
	Overdue for 1 to 90 days	Overdue for 91 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	Total
Unsecured loans	22,405	22,502	29,315	3,269	77,491
Guaranteed loans	10,326	15,031	26,406	6,117	57,880
Loans secured by mortgages	38,491	30,029	33,485	8,546	110,551
Pledged loans	1,222	2,495	4,041	1,221	8,979
Total	72,444	70,057	93,247	19,153	254,901

## (2) Debt securities investments

### By issuers distribution

The following tables present an analysis of the Group's debt securities (excluding accrued interest) by types of issuers and investments:

	31 December 2022			Total
	Financial	Financial	Financial	
	investments	investments	investments	
	measured at	measured at	measured at	
	FVTPL	FVTOCI	amortised cost	
Governments and central banks	123,257	939,236	6,413,329	7,475,822
Policy banks	27,916	210,680	523,140	761,736
Banks and other financial institutions	231,085	349,500	506,438	1,087,023
Corporate entities	110,425	560,640	63,853	734,918
	492,683	2,060,056	7,506,760	10,059,499

	31 December 2021			Total
	Financial	Financial	Financial	
	investments	investments	investments	
	measured at	measured at	measured at	
	FVTPL	FVTOCI	amortised cost	
Governments and central banks	97,364	653,774	5,658,676	6,409,814
Policy banks	23,862	171,130	559,727	754,719
Banks and other financial institutions	201,855	310,160	430,758	942,773
Corporate entities	97,202	551,757	61,080	710,039
	420,283	1,686,821	6,710,241	8,817,345

### By rating distribution

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from Bloomberg Composite, or major rating agencies where the issuers of debt securities are located. The carrying amounts of debt securities investments (excluding accrued interest) analysed by rating as at the end of the reporting period are as follows:

	31 December 2022					Total
	Unrated	AAA	AA	A	Below A	
Governments and central banks	2,207,198	5,155,283	30,519	47,631	35,191	7,475,822
Policy banks	700,390	44,454	3,222	13,310	360	761,736
Banks and other financial institutions	442,644	412,047	24,171	127,208	80,953	1,087,023
Corporate entities	158,854	420,745	4,214	101,736	49,369	734,918
	3,509,086	6,032,529	62,126	289,885	165,873	10,059,499

	31 December 2021					
	Unrated	AAA	AA	A	Below A	Total
Governments and central banks	1,890,581	4,454,127	18,348	18,747	28,011	6,409,814
Policy banks	698,003	38,194	6,324	12,167	31	754,719
Banks and other financial institutions	380,276	382,264	12,010	103,667	64,556	942,773
Corporate entities	165,078	384,700	4,868	98,708	56,685	710,039
	3,133,938	5,259,285	41,550	233,289	149,283	8,817,345

**(iii) Three-stage analysis of financial instruments' risk exposure**

The Group's credit risk stages of financial instruments are as follows:

	31 December 2022							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets measured at amortised cost</b>								
Cash and balances with central banks	3,427,892	–	–	3,427,892	–	–	–	–
Due from banks and other financial institutions	1,043,970	–	–	1,043,970	(1,466)	–	–	(1,466)
Reverse repurchase agreements	709,568	–	–	709,568	(475)	–	–	(475)
Loans and advances to customers	21,100,713	685,365	321,135	22,107,213	(278,715)	(141,586)	(251,923)	(672,224)
Financial investments	7,660,893	2,935	3,139	7,666,967	(28,741)	(1,132)	(2,699)	(32,572)
Precious metal leasing and lending	184,267	2,718	541	187,526	(1,454)	(36)	(384)	(1,874)
Total	34,127,303	691,018	324,815	35,143,136	(310,851)	(142,754)	(255,006)	(708,611)

	31 December 2022							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets measured at FVTOCI</b>								
Loans and advances to customers	1,155,844	–	35	1,155,879	(510)	–	(28)	(538)
Financial investments	2,073,472	10,534	886	2,084,892	(4,792)	(1,009)	(3,527)	(9,328)
Total	3,229,316	10,534	921	3,240,771	(5,302)	(1,009)	(3,555)	(9,866)

	31 December 2021							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets measured at amortised cost</b>								
Cash and balances with central banks	3,098,438	–	–	3,098,438	–	–	–	–
Due from banks and other financial institutions	828,241	–	–	828,241	(1,091)	–	–	(1,091)
Reverse repurchase agreements	505,969	–	–	505,969	(128)	–	–	(128)
Loans and advances to customers	19,380,019	501,286	293,394	20,174,699	(269,376)	(110,649)	(223,739)	(603,764)
Financial investments	6,832,308	6,425	157	6,838,890	(5,639)	(2,200)	(118)	(7,957)
Precious metal leasing and lending	166,184	298	24	166,506	(1,177)	(58)	(21)	(1,256)
<b>Total</b>	<b>30,811,159</b>	<b>508,009</b>	<b>293,575</b>	<b>31,612,743</b>	<b>(277,411)</b>	<b>(112,907)</b>	<b>(223,878)</b>	<b>(614,196)</b>

	31 December 2021							
	Gross carrying amount				Provision for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets measured at FVTOCI</b>								
Loans and advances to customers	534,636	–	35	534,671	(191)	–	(28)	(219)
Financial investments	1,703,228	630	306	1,704,164	(2,674)	(355)	(1,341)	(4,370)
<b>Total</b>	<b>2,237,864</b>	<b>630</b>	<b>341</b>	<b>2,238,835</b>	<b>(2,865)</b>	<b>(355)</b>	<b>(1,369)</b>	<b>(4,589)</b>

As at 31 December 2022 and 2021, credit risk exposures of credit commitments were mainly classified in Stage 1.

## (b) Liquidity risk

Liquidity risk is the risk that funds will not be sufficient or funds will not be raised at a reasonable cost in a timely manner to meet the need of asset growth or repayment of debts due, although the Group remains solvent. This may arise from amount or maturity mismatches of assets and liabilities.

The Group manages its liquidity risk through the Asset and Liability Management Department and aims at:

- optimising the structure of assets and liabilities;
- maintaining the stability of the deposit base;
- projecting cash flows and evaluating the extent of current assets; and
- maintaining an efficient internal fund transfer mechanism to ensure sufficient liquidity at branch level.

**(i) Maturity analysis of assets and liabilities**

The tables below summarise the maturity profile of the Group's assets and liabilities. The Group's actual remaining maturity of its financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	31 December 2022							Total
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	
<b>Assets:</b>								
Cash and balances with central banks	766,050	3,771	3,471	2,534	4,316	–	2,647,750	3,427,892
Due from banks and other financial institutions (i)	231,177	1,148,778	199,613	269,497	57,506	–	–	1,906,571
Derivative financial assets	1,228	14,136	20,960	25,225	16,705	8,951	–	87,205
Loans and advances to customers	32,364	1,110,110	1,048,838	4,280,564	3,772,395	12,253,435	95,942	22,593,648
Financial investments								
Financial investments measured at FVTPL	91,682	7,792	22,371	206,585	96,657	190,726	99,066	714,879
Financial investments measured at FVTOCI	–	121,032	234,407	345,296	867,833	516,140	93,310	2,178,018
Financial investments measured at amortised cost	–	115,000	203,097	838,367	2,790,630	3,686,681	620	7,634,395
Investments in associates and joint ventures	–	–	–	–	–	–	65,878	65,878
Property and equipment	–	–	–	–	–	–	293,887	293,887
Other	85,836	183,562	67,726	137,432	32,700	89,833	110,195	707,284
<b>Total assets</b>	<b>1,208,337</b>	<b>2,704,181</b>	<b>1,800,483</b>	<b>6,105,500</b>	<b>7,638,742</b>	<b>16,745,766</b>	<b>3,406,648</b>	<b>39,609,657</b>
<b>Liabilities:</b>								
Due to central banks	–	6,127	16,882	121,734	1,038	–	–	145,781
Due to banks and other financial institutions (ii)	2,509,370	540,163	204,501	421,705	68,494	16,109	–	3,760,342
Financial liabilities measured at FVTPL	56,884	61	578	2,338	3,597	668	–	64,126
Derivative financial liabilities	1,955	17,932	23,702	30,565	14,231	7,965	–	96,350
Certificates of deposit	–	68,099	125,796	175,348	6,209	–	–	375,452
Due to customers	14,271,619	1,913,802	1,683,372	5,432,348	6,551,322	18,028	–	29,870,491
Debt securities issued	–	6,899	29,260	86,443	203,986	579,365	–	905,953
Other	–	256,480	132,334	167,139	129,849	191,534	–	877,336
<b>Total liabilities</b>	<b>16,839,828</b>	<b>2,809,563</b>	<b>2,216,425</b>	<b>6,437,620</b>	<b>6,978,726</b>	<b>813,669</b>	<b>–</b>	<b>36,095,831</b>
<b>Net liquidity gap</b>	<b>(15,631,491)</b>	<b>(105,382)</b>	<b>(415,942)</b>	<b>(332,120)</b>	<b>660,016</b>	<b>15,932,097</b>	<b>3,406,648</b>	<b>3,513,826</b>

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

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	31 December 2021							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iii)	Total
<b>Assets:</b>								
Cash and balances with central banks	621,110	9,741	1,965	6,220	–	–	2,459,402	3,098,438
Due from banks and other financial institutions (i)	239,523	778,638	225,730	204,230	39,484	3,041	–	1,490,646
Derivative financial assets	261	12,784	14,924	29,509	11,996	6,666	–	76,140
Loans and advances to customers	17,882	1,097,463	849,883	3,116,875	3,219,890	11,723,988	83,219	20,109,200
Financial investments								
Financial investments measured at FVTPL	88,573	6,662	23,625	163,412	81,410	167,956	91,585	623,223
Financial investments measured at FVTOCI	–	66,225	206,666	347,980	702,386	380,896	99,451	1,803,604
Financial investments measured at amortised cost	–	81,718	137,289	748,029	2,831,810	3,029,696	2,391	6,830,933
Investments in associates and joint ventures	–	–	–	–	–	–	61,782	61,782
Property and equipment	–	–	–	–	–	–	290,296	290,296
Other	106,055	279,318	59,652	136,411	80,479	23,055	102,151	787,121
Total assets	1,073,404	2,332,549	1,519,734	4,752,666	6,967,455	15,335,298	3,190,277	35,171,383
<b>Liabilities:</b>								
Due to central banks	–	–	1,111	36,252	2,360	–	–	39,723
Due to banks and other financial institutions (ii)	2,268,162	488,000	175,347	278,804	52,944	23,715	–	3,286,972
Financial liabilities measured at FVTPL	64,944	622	1,304	12,378	3,689	4,243	–	87,180
Derivative financial liabilities	165	10,670	13,773	26,766	12,768	7,195	–	71,337
Certificates of deposit	–	65,193	106,765	109,507	8,877	–	–	290,342
Due to customers	13,002,739	1,546,301	1,491,308	4,409,851	5,972,715	18,860	–	26,441,774
Debt securities issued	–	9,544	28,189	86,298	203,003	464,341	–	791,375
Other	–	301,667	117,672	170,157	173,032	124,894	–	887,422
Total liabilities	15,336,010	2,421,997	1,935,469	5,130,013	6,429,388	643,248	–	31,896,125
Net liquidity gap	(14,262,606)	(89,448)	(415,735)	(377,347)	538,067	14,692,050	3,190,277	3,275,258

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

(iii) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

**(ii) Maturity analysis of undiscounted contractual cash flows**

The tables below summarise the maturity profile of the Group's financial instruments based on the undiscounted contractual cash flows. The balances of some items in the tables below are different from the balances in the consolidated statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's actual cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	31 December 2022							Total
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	
<b>Non-derivative cash flows:</b>								
<b>Financial assets:</b>								
Cash and balances with central banks	766,050	3,774	3,478	2,566	4,579	–	2,647,750	3,428,197
Due from banks and other financial institutions (i)	231,187	1,151,140	202,631	275,217	59,009	–	–	1,919,184
Loans and advances to customers (ii)	40,595	1,213,398	1,255,510	5,133,983	7,016,225	20,395,144	525,600	35,580,455
Financial investments								
Financial investments measured at FVTPL	91,682	8,491	23,953	216,392	128,644	209,268	99,746	778,176
Financial investments measured at FVTOCI	–	134,557	241,166	384,006	991,935	632,472	94,446	2,478,582
Financial investments measured at amortised cost	–	137,051	237,093	1,018,492	3,436,757	4,536,068	3,129	9,368,590
Other	80,115	172,649	53,377	128,658	17,734	92,825	39	545,397
	1,209,629	2,821,060	2,017,208	7,159,314	11,654,883	25,865,777	3,370,710	54,098,581
<b>Financial liabilities:</b>								
Due to central banks	–	6,132	16,923	122,938	1,038	–	–	147,031
Due to banks and other financial institutions (iii)	2,509,380	541,567	206,552	436,973	97,907	17,746	–	3,810,125
Financial liabilities measured at FVTPL	56,884	65	578	2,403	3,598	668	–	64,196
Certificates of deposit	–	68,186	126,364	177,563	6,649	–	–	378,762
Due to customers	14,281,430	1,920,323	1,695,923	5,520,110	6,916,340	20,642	–	30,354,768
Debt securities issued	–	9,558	32,841	107,640	297,722	673,025	–	1,120,786
Other	–	248,535	38,301	16,524	34,445	94,479	–	432,284
	16,847,694	2,794,366	2,117,482	6,384,151	7,357,699	806,560	–	36,307,952
<b>Derivative cash flows:</b>								
Derivative financial instruments settled on net basis	–	817	464	1,529	1,542	100	–	4,452
Derivative financial instruments settled on gross basis								
Including: Cash inflow	85,965	979,392	586,504	849,091	263,153	37,805	–	2,801,910
Cash outflow	(88,580)	(975,680)	(593,312)	(849,885)	(265,245)	(38,589)	–	(2,811,291)
	(2,615)	3,712	(6,808)	(794)	(2,092)	(784)	–	(9,381)

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.



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	31 December 2021							
	Overdue/ repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Undated (iv)	Total
<b>Non-derivative cash flows:</b>								
<b>Financial assets:</b>								
Cash and balances with central banks	621,110	9,748	1,978	6,356	–	–	2,459,402	3,098,594
Due from banks and other financial institutions (i)	239,524	779,758	227,507	208,024	42,720	3,340	–	1,500,873
Loans and advances to customers (ii)	22,930	1,194,834	1,025,340	3,837,204	6,198,405	19,491,028	468,472	32,238,213
Financial investments								
Financial investments measured at FVTPL	88,573	6,717	24,438	173,529	106,924	184,838	92,607	677,626
Financial investments measured at FVTOCI	–	69,799	212,545	385,083	777,859	444,114	99,726	1,989,126
Financial investments measured at amortised cost	–	116,381	167,261	919,230	3,404,308	3,666,299	3,147	8,276,626
Other	98,177	279,659	49,188	128,358	83,643	5,041	3	644,069
	1,070,314	2,456,896	1,708,257	5,657,784	10,613,859	23,794,660	3,123,357	48,425,127
<b>Financial liabilities:</b>								
Due to central banks	–	1	1,114	36,614	2,360	–	–	40,089
Due to banks and other financial institutions (iii)	2,268,538	488,702	175,898	290,018	61,495	24,381	–	3,309,032
Financial liabilities measured at FVTPL	64,944	623	1,306	12,476	3,701	4,249	–	87,299
Certificates of deposit	–	65,201	106,862	109,863	9,076	–	–	291,002
Due to customers	13,003,897	1,551,479	1,510,507	4,519,399	6,274,552	21,447	–	26,881,281
Debt securities issued	–	10,862	31,300	108,543	298,841	535,026	–	984,572
Other	–	286,731	36,804	16,089	100,695	7,190	–	447,509
	15,337,379	2,403,599	1,863,791	5,093,002	6,750,720	592,293	–	32,040,784
<b>Derivative cash flows:</b>								
Derivative financial instruments settled on net basis	–	215	1,308	2,138	493	260	–	4,414
Derivative financial instruments settled on gross basis								
Including: Cash inflow	65,958	1,097,393	450,359	647,297	179,297	23,254	–	2,463,558
Cash outflow	(65,601)	(1,080,685)	(449,200)	(638,174)	(181,812)	(22,948)	–	(2,438,420)
	357	16,708	1,159	9,123	(2,515)	306	–	25,138

(i) Includes reverse repurchase agreements.

(ii) The maturity profile of the rescheduled loans' undiscounted contractual cash flows is determined according to the negotiated terms.

(iii) Includes repurchase agreements.

(iv) Undated loans and advances to customers and financial investments are impaired or not impaired but overdue for more than one month.

**(iii) Analysis of credit commitments by contractual expiry date**

Management does not expect all of the commitments to be drawn down before the expiry of the commitments.

31 December 2022							
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
Credit commitments	1,228,303	112,499	273,992	682,822	490,874	182,555	2,971,045

31 December 2021							
	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	Over five years	Total
Credit commitments	1,211,830	105,556	215,011	497,709	420,178	280,085	2,730,369

**(c) Market risk**

Market risk is the risk of loss, in respect of the Group's on- and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and interest rate risk arising from treasury business positions. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities. The analysis of the interest rate risk in the banking book is disclosed in Note 50(d).

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign currency assets and liabilities, and off-balance sheet foreign exchange positions arising from exchange rate derivative transactions.

The Group considers the market risk arising from stock price fluctuations in respect of its investment portfolios to be immaterial.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank monitors market risk separately in respect of trading and other non-trading portfolios. The Value-at-risk ("VaR") analysis is a major tool used by the Bank to measure and monitor the market risk of its trading portfolios. The following sections include a VaR analysis by risk type of the Group's trading portfolios and a sensitivity analysis based on the Group's currency risk exposure and interest rate risk exposure (both trading and non-trading portfolios).

**(i) VaR**

VaR analysis is a statistical technique which estimates the potential maximum losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates or prices over a specified time horizon and at a specified level of confidence. The Bank adopts a historical simulation model to calculate and monitor trading portfolio VaR with 250 days' historical market data (with a 99% confidence level, and one-day holding period) on a daily basis.

A summary of VaRs by risk type of trading portfolios is as follows:

	2022			
	End of year	Average	Maximum	Minimum
Interest rate risk	121	67	121	30
Currency risk	297	160	297	83
Commodity risk	32	12	33	7
Total portfolio VaR	411	179	411	89

	2021			
	End of year	Average	Maximum	Minimum
Interest rate risk	72	88	153	46
Currency risk	95	172	288	71
Commodity risk	14	37	105	12
Total portfolio VaR	144	198	347	80

VaR for each risk factor is the derived largest potential loss due to fluctuations solely in that risk factor. As there is a diversification effect due to the correlation amongst the risk factors, the individual VaRs do not add up to the total portfolio VaR.

Although VaR is an important tool for measuring market risk under normal market environment, the assumptions on which the model is based do give rise to some limitations, mainly including the following:

- (1) VaR does not reflect liquidity risk. In the VaR model, a one-day holding period assumes that it is possible to hedge or dispose positions within that period without restriction, the price of the financial instruments will fluctuate in the specified range, and the correlation between these market prices will remain unchanged. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to hedge or dispose all positions fully;
- (2) Even though positions may change throughout the day, VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99% confidence level; and
- (3) VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, especially those of an exceptional nature due to significant market moves.

**(ii) Currency risk**

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, and other currencies to a lesser extent. The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been pegged to the USD and therefore the exchange rate of RMB to HKD has fluctuated in line with the changes in the exchange rate of RMB to USD. Transactions in foreign currencies mainly arise from the Group's foreign currency treasury operations, foreign exchange dealings and overseas investments.

The Group manages its currency risk through various methods, including limit management and risk hedging to hedge currency risk, and performs currency risk sensitivity analysis and stress testing regularly.

The tables below indicate a sensitivity analysis of exchange rate changes of the main foreign currencies to which the Group had significant on- and off-balance sheet exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before taxation and equity. A negative amount in the table reflects a potential net reduction in profit before taxation or equity, while a positive amount reflects a potential net increase. While the table below indicates the effect on profit before taxation and equity of a 1% depreciation of USD and HKD against RMB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the end of the reporting period are kept unchanged and, therefore, have not incorporated actions that would be taken by the Group to mitigate the adverse impact of this currency risk.

Currency	Change in currency rate	Effect on profit before taxation		Effect on equity	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
USD	-1%	522	(210)	(890)	(448)
HKD	-1%	817	566	(1,279)	(1,331)

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A breakdown of the assets and liabilities analysed by currency is as follows:

	31 December 2022				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
<b>Assets:</b>					
Cash and balances with central banks	3,126,696	150,292	14,937	135,967	3,427,892
Due from banks and other financial institutions (i)	1,108,215	644,064	35,575	118,717	1,906,571
Derivative financial assets	27,006	29,132	15,269	15,798	87,205
Loans and advances to customers	21,139,957	752,795	352,901	347,995	22,593,648
Financial investments					
Financial investments measured at FVTPL	664,741	32,710	8,122	9,306	714,879
Financial investments measured at FVTOCI	1,662,603	389,335	8,989	117,091	2,178,018
Financial investments measured at amortised cost	7,313,379	166,488	57,165	97,363	7,634,395
Investments in associates and joint ventures	36,740	2,728	189	26,221	65,878
Property and equipment	137,342	153,536	643	2,366	293,887
Other	346,828	84,400	38,442	237,614	707,284
<b>Total assets</b>	<b>35,563,507</b>	<b>2,405,480</b>	<b>532,232</b>	<b>1,108,438</b>	<b>39,609,657</b>
<b>Liabilities:</b>					
Due to central banks	143,352	–	–	2,429	145,781
Due to banks and other financial institutions (ii)	2,848,497	598,689	57,370	255,786	3,760,342
Financial liabilities measured at FVTPL	5,200	3,707	–	55,219	64,126
Derivative financial liabilities	31,128	33,778	15,856	15,588	96,350
Certificates of deposit	127,443	203,301	17,030	27,678	375,452
Due to customers	28,153,014	937,078	418,526	361,873	29,870,491
Debt securities issued	685,154	191,789	2,317	26,693	905,953
Other	713,734	138,878	14,136	10,588	877,336
<b>Total liabilities</b>	<b>32,707,522</b>	<b>2,107,220</b>	<b>525,235</b>	<b>755,854</b>	<b>36,095,831</b>
<b>Net long position</b>	<b>2,855,985</b>	<b>298,260</b>	<b>6,997</b>	<b>352,584</b>	<b>3,513,826</b>
<b>Credit commitments</b>	<b>2,379,809</b>	<b>398,563</b>	<b>8,896</b>	<b>183,777</b>	<b>2,971,045</b>

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

	31 December 2021				
	RMB	USD (in RMB equivalent)	HKD (in RMB equivalent)	Other (in RMB equivalent)	Total (in RMB equivalent)
<b>Assets:</b>					
Cash and balances with central banks	2,724,409	174,831	66,652	132,546	3,098,438
Due from banks and other financial institutions (i)	871,298	515,224	25,637	78,487	1,490,646
Derivative financial assets	24,951	33,808	5,804	11,577	76,140
Loans and advances to customers	18,705,303	780,912	319,687	303,298	20,109,200
Financial investments					
Financial investments measured at FVTPL	565,961	37,844	6,913	12,505	623,223
Financial investments measured at FVTOCI	1,300,499	338,301	54,886	109,918	1,803,604
Financial investments measured at amortised cost	6,641,400	106,016	6,607	76,910	6,830,933
Investments in associates and joint ventures	35,768	1,010	130	24,874	61,782
Property and equipment	143,897	143,589	673	2,137	290,296
Other	454,407	79,085	23,585	230,044	787,121
<b>Total assets</b>	<b>31,467,893</b>	<b>2,210,620</b>	<b>510,574</b>	<b>982,296</b>	<b>35,171,383</b>
<b>Liabilities:</b>					
Due to central banks	37,360	–	–	2,363	39,723
Due to banks and other financial institutions (ii)	2,354,265	702,938	42,953	186,816	3,286,972
Financial liabilities measured at FVTPL	611	6,719	–	79,850	87,180
Derivative financial liabilities	18,897	35,831	5,687	10,922	71,337
Certificates of deposit	41,707	177,383	20,490	50,762	290,342
Due to customers	24,914,524	864,226	366,861	296,163	26,441,774
Debt securities issued	528,377	227,278	593	35,127	791,375
Other	741,923	117,020	9,600	18,879	887,422
<b>Total liabilities</b>	<b>28,637,664</b>	<b>2,131,395</b>	<b>446,184</b>	<b>680,882</b>	<b>31,896,125</b>
<b>Net long position</b>	<b>2,830,229</b>	<b>79,225</b>	<b>64,390</b>	<b>301,414</b>	<b>3,275,258</b>
<b>Credit commitments</b>	<b>2,085,604</b>	<b>395,773</b>	<b>76,881</b>	<b>172,111</b>	<b>2,730,369</b>

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

#### (d) Interest rate risk in the banking book

Interest rate risk in the banking book is defined as the risk of loss in the overall return and the economic value of the banking book arising from adverse movements in interest rate and term structure. This type of risk may occur in the following situations:

- the repricing period of different financial instruments are different when the interest rate changes;
- despite the similarities in maturity periods, changes in the benchmark interest rate vary among on- and off-balance sheet business with different pricing benchmark interest rates;
- the Bank or the counterparty can elect to change the level or the maturity of future cash flows of financial instruments when the Bank holds option derivatives or when there are embedded option terms or implied options in the on- and off-banking book businesses; and
- due to changes in expected default levels or market liquidity, the market's assessment of the credit quality of financial instruments changes, leading to changes in credit spreads.

The Group manages the interest rate risk in the banking book through the Asset and Liability Management Department, and the following methods have been adopted:

- interest rate prediction: analysing the macro-economic factors that may impact the PBOC benchmark interest rates and market interest rates;
- duration management: optimising the differences in timing between contractual repricing (or maturities) of interest-generating assets and interest-bearing liabilities;
- pricing management: managing the deviation of the pricing of interest-generating assets and interest-bearing liabilities from the benchmark interest rates or market interest rates;
- limit management: optimising the positions of interest-generating assets and interest-bearing liabilities and controlling the impact on profit or loss and equity; and
- hedging: using interest rate derivatives for hedging management in a timely manner.

The Group measures interest rate risk mainly by analysing the sensitivity of projected net interest income under various interest rate movements (scenario analysis). The Group aims to mitigate the impact of prospective interest rate movements which might reduce future net interest income, while balancing the cost of hedging on the current revenue.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, on the Group's net interest income and equity.

The effect on net interest income is the impact of the assumed changes in interest rates on the net interest income, arising from the financial assets and financial liabilities held at the end of the reporting period that are subject to repricing within the coming year, including the effect of hedging instruments. The effect on equity is the impact of the assumed changes in interest rates on other comprehensive income, calculated by revaluing fixed rate financial assets measured at FVTOCI held at the end of the reporting period, including the effect of any associated hedges.

Currency	31 December 2022			
	Increased by 100 basis points		Decreased by 100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(29,467)	(56,877)	29,467	63,210
USD	(469)	(4,663)	469	4,945
HKD	(809)	1,563	809	(1,642)
Other	(436)	(1,290)	436	1,355
Total	(31,181)	(61,267)	31,181	67,868

Currency	31 December 2021			
	Increased by 100 basis points		Decreased by 100 basis points	
	Effect on net interest income	Effect on equity	Effect on net interest income	Effect on equity
RMB	(27,350)	(39,969)	27,350	43,662
USD	1,551	(5,873)	(1,551)	6,126
HKD	(958)	(140)	958	142
Other	1,029	(1,661)	(1,029)	1,694
Total	(25,728)	(47,643)	25,728	51,624

The interest rate sensitivities set out in the tables above are for illustration only and are based on simplified scenarios. The figures represent the effect of the expected movements in net interest income and equity based on the projected yield curve scenarios and the Group's current interest rate risk profile. This effect, however, does not incorporate actions other than hedging that would be taken by management to mitigate the impact of interest rate risk. The projections above also assume that interest rates of all maturities move by the same degree and, therefore, do not reflect the potential impact on net interest income and equity in the case where some rates change while others remain unchanged.



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(In RMB millions, unless otherwise stated)

The tables below summarise the contractual repricing or maturity dates, whichever is earlier, of the Group's assets and liabilities:

	31 December 2022					Total
	Less than three months	Three months to one year	One to five years	Over five years	Non-interest-bearing	
<b>Assets:</b>						
Cash and balances with central banks	3,096,086	2,534	4,152	–	325,120	3,427,892
Due from banks and other financial institutions (i)	1,540,885	266,013	51,637	–	48,036	1,906,571
Derivative financial assets	–	–	–	–	87,205	87,205
Loans and advances to customers	8,088,056	13,733,858	405,677	314,051	52,006	22,593,648
Financial investments						
Financial investments measured at FVTPL	32,254	210,224	67,841	179,668	224,892	714,879
Financial investments measured at FVTOCI	440,796	372,109	770,266	481,951	112,896	2,178,018
Financial investments measured at amortised cost	467,447	825,606	2,677,684	3,572,321	91,337	7,634,395
Investments in associates and joint ventures	–	–	–	–	65,878	65,878
Property and equipment	–	–	–	–	293,887	293,887
Other	351	2,634	18,290	55,653	630,356	707,284
<b>Total assets</b>	<b>13,665,875</b>	<b>15,412,978</b>	<b>3,995,547</b>	<b>4,603,644</b>	<b>1,931,613</b>	<b>39,609,657</b>
<b>Liabilities:</b>						
Due to central banks	23,009	121,734	1,038	–	–	145,781
Due to banks and other financial institutions (ii)	3,264,992	410,049	31,106	933	53,262	3,760,342
Financial liabilities measured at FVTPL	3,005	1,168	1,421	27	58,505	64,126
Derivative financial liabilities	–	–	–	–	96,350	96,350
Certificates of deposit	195,459	172,644	6,159	–	1,190	375,452
Due to customers	17,539,353	5,273,380	6,347,993	16,484	693,281	29,870,491
Debt securities issued	95,251	62,121	167,260	569,208	12,113	905,953
Other	2,459	8,304	34,116	62,243	770,214	877,336
<b>Total liabilities</b>	<b>21,123,528</b>	<b>6,049,400</b>	<b>6,589,093</b>	<b>648,895</b>	<b>1,684,915</b>	<b>36,095,831</b>
Interest rate exposure	(7,457,653)	9,363,578	(2,593,546)	3,954,749	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

	31 December 2021					Total
	Less than three months	Three months to one year	One to five years	Over five years	Non- interest- bearing	
<b>Assets:</b>						
Cash and balances with central banks	2,786,830	–	–	–	311,608	3,098,438
Due from banks and other financial institutions (i)	1,207,522	202,551	36,170	3,041	41,362	1,490,646
Derivative financial assets	–	–	–	–	76,140	76,140
Loans and advances to customers	7,520,367	11,830,293	386,803	327,354	44,383	20,109,200
Financial investments						
Financial investments measured at FVTPL	33,045	150,390	69,283	164,957	205,548	623,223
Financial investments measured at FVTOCI	334,480	340,866	642,215	369,260	116,783	1,803,604
Financial investments measured at amortised cost	350,431	735,724	2,718,515	2,939,372	86,891	6,830,933
Investments in associates and joint ventures	–	–	–	–	61,782	61,782
Property and equipment	–	–	–	–	290,296	290,296
Other	–	4,385	70,493	–	712,243	787,121
<b>Total assets</b>	<b>12,232,675</b>	<b>13,264,209</b>	<b>3,923,479</b>	<b>3,803,984</b>	<b>1,947,036</b>	<b>35,171,383</b>
<b>Liabilities:</b>						
Due to central banks	1,108	36,252	2,360	–	3	39,723
Due to banks and other financial institutions (ii)	2,919,746	302,294	31,688	1,547	31,697	3,286,972
Financial liabilities measured at FVTPL	1,069	7,214	1,066	–	77,831	87,180
Derivative financial liabilities	–	–	–	–	71,337	71,337
Certificates of deposit	174,720	109,344	5,947	–	331	290,342
Due to customers	15,457,811	4,353,175	5,951,386	18,530	660,872	26,441,774
Debt securities issued	116,340	62,391	146,410	456,464	9,770	791,375
Other	1,968	9,834	86,118	7,133	782,369	887,422
<b>Total liabilities</b>	<b>18,672,762</b>	<b>4,880,504</b>	<b>6,224,975</b>	<b>483,674</b>	<b>1,634,210</b>	<b>31,896,125</b>
Interest rate exposure	(6,440,087)	8,383,705	(2,301,496)	3,320,310	N/A	N/A

(i) Includes reverse repurchase agreements.

(ii) Includes repurchase agreements.

The data set out in the above table includes trading book data.

## (e) Capital management

The Group has set the following capital management objectives:

- maintain sound capital adequacy to meet regulatory requirements on capital, keep stable capital base to ensure the Group's business growth and the implementation of business development and strategic plans in order to achieve comprehensive, balanced, and sustainable development;
- adopt the advanced capital measurement approach, improve the internal capital adequacy assessment process (ICAAP), publicly disclose information on capital management, cover all types of material risks, and ensure stable operations of the Group;
- leverage on the results of quantitative assessments of material risks for daily risk management, establish a bank-wide value management mechanism with a core of economic capital, improve the aligned policies, processes, and applications in business management, strengthen the capital constraints and capital incentives mechanism, enhance the product pricing and decision-making support, and improve the capital allocation efficiency; and
- make effective use of various capital instruments, continuously enhance capital strengths, refine the capital structure, improve capital quality, reduce capital costs, and maximise shareholders' returns.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the risk profiles of its business operations. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policies, issue or repurchase its own shares, eligible additional tier 1 capital instruments, eligible tier 2 capital instruments, or convertible bonds.

The management monitors the capital adequacy ratios regularly based on regulations issued by the CBIRC. The required information is quarterly filed with the CBIRC by the Group and the Bank.

Since 1 January 2013, the Group commenced calculating the capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and other relevant regulations. In April 2014, the CBIRC officially approved the Bank to adopt the advanced capital management approach. Within the approved scope of risk exposures that meet the regulatory requirements, the Bank can adopt the foundation IRB approach for its corporate credit risk exposures, the IRB approach for its retail credit risk exposures, the internal model approach (IMA) for its market risk exposures, and the standardised approach for its operational risk exposures.

According to Regulation Governing Capital of Commercial Banks (Provisional), Measures for the Assessment of Systemically Important Banks, Additional Regulation of Systemically Important Banks (Provisional), and the capital surcharge applied to global systemically important banks as required by the Basel Committee on Banking Supervision, the minimum common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio of the Group shall not be lower than 9%, 10% and 12% respectively. In addition, overseas entities are directly regulated by local banking regulators, and the required capital adequacy ratios differ by countries or regions.

The Group calculates the following common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks (Provisional) and relevant requirements. The requirements pursuant to these regulations may be different from those applicable in Hong Kong SAR and other jurisdictions.

The capital adequacy ratios and related components of the Group are calculated based on the statutory financial statements of the Group prepared under the PRC GAAP. During the reporting year, the Group has complied in full with all its externally imposed regulatory capital requirements.

The common equity tier 1 capital adequacy ratio, the tier 1 capital adequacy ratio and the capital adequacy ratio of the Group calculated after implementation of the advanced capital measurement approaches approved by the CBIRC are as follows:

	31 December 2022	31 December 2021
Common equity tier 1 capital	3,141,891	2,903,516
Paid-in capital	356,407	356,407
Valid portion of capital reserve	148,174	148,597
Surplus reserve	392,162	356,849
General reserve	496,406	438,640
Retained profits	1,766,288	1,618,142
Valid portion of minority interests	3,293	3,539
Other	(20,839)	(18,658)
Common equity tier 1 capital deductions	20,811	17,138
Goodwill	8,320	7,691
Other intangible assets other than land use rights	7,473	5,669
Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	(4,202)
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	3,121,080	2,886,378
Additional tier 1 capital	354,915	354,986
Additional tier 1 capital instruments and related premiums	354,331	354,331
Valid portion of minority interests	584	655
Net tier 1 capital	3,475,995	3,241,364
Tier 2 capital	805,084	668,305
Valid portion of tier 2 capital instruments and related premiums	528,307	418,415
Surplus provision for loan impairment	275,764	248,774
Valid portion of minority interests	1,013	1,116
Net capital base	4,281,079	3,909,669
Risk-weighted assets (i)	22,225,272	21,690,349
Common equity tier 1 capital adequacy ratio	14.04%	13.31%
Tier 1 capital adequacy ratio	15.64%	14.94%
Capital adequacy ratio	19.26%	18.02%

(i) Refers to risk-weighted assets after the capital floor and adjustments.

## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has established policies and internal controls with respect to the measurement of fair values, specifically the framework of fair value measurement of financial instruments, fair value measurement methodologies and operating procedures. Fair value measurement policies specify valuation techniques, parameter selection and relevant concepts, models and parameter-seeking methods. Operating procedures specify measurement procedures, timing of valuation, market parameter selection and corresponding allocation of responsibilities. In the process of fair value measurement, front office is responsible for daily transaction management. The Finance and Accounting Department plays a lead role in formulating accounting policies of fair value measurement, valuation methodologies and system implementation. The Risk Management Department is responsible for verifying trade details and validating models.

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1 inputs: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 inputs: valuation techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 inputs: valuation techniques for which certain inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following is a description of the fair value of financial instruments measured at fair value which are determined using valuation techniques. They incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

### Financial investments

Financial investments that use valuation techniques for their valuation include debt securities, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. The Group values such securities by incorporating either only observable data or both observable and unobservable data. Observable inputs include assumptions regarding current interest rates; unobservable inputs include assumptions regarding expected future default rates, prepayment rates, discount rates and market liquidity discounts.

The majority of the debt securities classified as level 2 are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

### Derivatives

Derivatives that use valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forwards, swaps and options. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves.

Structured products are mainly valued using dealer's quotations.

### Loans and advances to customers

The loans and advances to customers that use valuation techniques are mainly the bill business and discounted cash flow model is used. For bank acceptance bill, based on the different credit risk of the acceptor, interest rate yield curve is set up using the actual market data; for commercial bill, based on the interbank offered rate, interest rate yield curve is constructed according to the credit risk and liquidity point difference adjustment.

### Other liabilities at fair value through profit or loss

For unquoted other liabilities at FVTPL, discounted cash flow model is used based on current yield curve appropriate for the remaining term to maturity adjusted for market liquidity and credit spreads; and Heston model is applied based on parameters including yields, foreign exchange forward rates, foreign exchange rate volatilities, which are calibrated by active market quotes of standard European option with the same underlying items.

**(a) Financial instruments measured at fair value**

	31 December 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Derivative financial assets	3,730	82,589	886	87,205
Reverse repurchase agreements measured at FVTPL	–	154,974	–	154,974
Loans and advances to customers measured at FVTPL	–	2,671	109	2,780
Loans and advances to customers measured at FVTOCI	–	1,155,879	–	1,155,879
Financial investments measured at FVTPL				
Debt securities	32,905	456,620	3,158	492,683
Equity investments	16,925	12,334	68,484	97,743
Funds and other investments	32,674	55,459	36,320	124,453
	82,504	524,413	107,962	714,879
Financial investments measured at FVTOCI				
Debt securities	329,895	1,749,383	362	2,079,640
Other debt investments	–	5,252	–	5,252
Equity investments	7,792	38,310	47,024	93,126
	337,687	1,792,945	47,386	2,178,018
	423,921	3,713,471	156,343	4,293,735
<b>Financial liabilities:</b>				
Due to customers	–	235,414	–	235,414
Repurchase agreements	–	144,959	–	144,959
Financial liabilities measured at FVTPL	761	62,054	1,311	64,126
Derivative financial liabilities	4,203	89,962	2,185	96,350
	4,964	532,389	3,496	540,849

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	31 December 2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Derivative financial assets	4,440	70,634	1,066	76,140
Reverse repurchase agreements measured at FVTPL	–	157,655	–	157,655
Loans and advances to customers measured at FVTPL	–	3,488	106	3,594
Loans and advances to customers measured at FVTOCI	–	534,671	–	534,671
Financial investments measured at FVTPL				
Debt securities	24,430	392,013	3,840	420,283
Equity investments	15,308	16,751	58,687	90,746
Funds and other investments	52,995	26,400	32,799	112,194
	92,733	435,164	95,326	623,223
Financial investments measured at FVTOCI				
Debt securities	293,759	1,407,578	2,827	1,704,164
Equity investments	5,855	39,746	53,839	99,440
	299,614	1,447,324	56,666	1,803,604
	396,787	2,648,936	153,164	3,198,887
<b>Financial liabilities:</b>				
Due to customers	–	296,128	–	296,128
Financial liabilities measured at FVTPL	15	86,598	567	87,180
Derivative financial liabilities	4,822	65,089	1,426	71,337
	4,837	447,815	1,993	454,645

**(b) Movement of level 3 financial instruments measured at fair value**

The following table shows the movement of level 3 financial assets and financial liabilities measured at fair value:

	1 January 2022	Total gains/(losses) recorded in profit or loss	Total effects in other comprehensive income	Additions	Disposals and settlements	Transfer (out)/in of level 3	31 December 2022
<b>Financial assets:</b>							
Derivative financial assets	1,066	848	–	88	(1,080)	(36)	886
Loans and advances to customers measured at FVTPL	106	12	–	102	(111)	–	109
Financial investments measured at FVTPL							
Debt securities	3,840	(218)	–	1,111	(2,149)	574	3,158
Equity investments	58,687	582	–	14,959	(5,744)	–	68,484
Funds and other investments	32,799	(2)	–	9,164	(3,478)	(2,163)	36,320
Financial investments measured at FVTOCI							
Debt securities	2,827	1	(2)	363	(2,764)	(63)	362
Equity investments	53,839	–	(1,198)	2,677	(6,320)	(1,974)	47,024
	153,164	1,223	(1,200)	28,464	(21,646)	(3,662)	156,343
<b>Financial liabilities:</b>							
Financial liabilities measured at FVTPL	(567)	(74)	–	(340)	167	(497)	(1,311)
Derivative financial liabilities	(1,426)	(2,174)	–	(14)	1,022	407	(2,185)
	(1,993)	(2,248)	–	(354)	1,189	(90)	(3,496)

	1 January 2021	Total (losses)/gains recorded in profit or loss	Total effects in other comprehensive income	Additions	Disposals and settlements	Transfer in/(out) of level 3	31 December 2021
<b>Financial assets:</b>							
Derivative financial assets	1,691	(191)	–	57	(589)	98	1,066
Loans and advances to customers measured at FVTPL	328	(9)	–	–	(213)	–	106
Financial investments measured at FVTPL							
Debt securities	66,046	(154)	–	1,001	(356)	(62,697)	3,840
Equity investments	73,710	(2,826)	–	1,878	(9,187)	(4,888)	58,687
Funds and other investments	25,563	4,220	–	9,976	(5,559)	(1,401)	32,799
Financial investments measured at FVTOCI							
Debt securities	464	–	(39)	2,092	(311)	621	2,827
Equity investments	59,216	–	(2,898)	10,733	(6,894)	(6,318)	53,839
	227,018	1,040	(2,937)	25,737	(23,109)	(74,585)	153,164
<b>Financial liabilities:</b>							
Financial liabilities measured at FVTPL	(615)	48	–	–	–	–	(567)
Derivative financial liabilities	(1,596)	(82)	–	(28)	203	77	(1,426)
	(2,211)	(34)	–	(28)	203	77	(1,993)



Net gains or losses on level 3 financial instruments of the Group are set out below:

	2022	2021
Realised	(298)	296
Unrealised	(727)	710
	(1,025)	1,006

### (c) Transfers between levels

#### (i) Transfers between level 1 and level 2

Due to changes in market conditions for certain securities, quoted prices in active markets were available for these securities. Therefore, these securities were transferred from level 2 to level 1 of the fair value hierarchy as at the end of the reporting period.

Due to changes in market conditions for certain securities, quoted prices in active markets were no longer available for these securities. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs. Therefore, these securities were transferred from level 1 to level 2 of the fair value hierarchy as at the end of the reporting period.

In 2022 and 2021, the transfers between level 1 and level 2 of the fair value hierarchy for financial assets and liabilities of the Group were not significant.

#### (ii) Transfers between level 2 and level 3

At the end of the reporting period, certain financial instruments were transferred out from level 2 to level 3 of the fair value hierarchy for financial assets and liabilities when significant inputs used in their fair value measurements, which was previously observable became unobservable.

At the end of the reporting period, certain financial instruments were transferred out from level 3 of the fair value hierarchy for financial assets and liabilities, when significant inputs used in their fair value measurements, which was previously unobservable became observable, or when there was a change in valuation technique.

### (d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs primarily include certain structured derivatives, asset-backed securities, investment funds, unlisted equity instruments and asset management plans. These financial instruments are valued using discounted cash flow model, net asset value method and market comparison approach. The models incorporate various unobservable assumptions such as expected future default rates, prepayment rates, discount rates and market liquidity discounts.

As at 31 December 2022, the effects of changing the significant unobservable assumptions to reasonably possible alternative assumptions were not significant (31 December 2021: not significant).

### (e) Fair value of financial assets and financial liabilities not carried at fair value

There are no significant differences between the carrying amount and the fair value of financial assets and financial liabilities not measured at fair value, except for the following items:

31 December 2022					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Financial investments measured at amortised cost	7,634,395	7,803,577	42,594	7,549,514	211,469
<b>Financial liabilities</b>					
Subordinated bonds and tier 2 capital bonds	591,630	594,718	–	594,718	–

31 December 2021					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Financial investments measured at amortised cost	6,830,933	6,886,188	29,158	6,644,213	212,817
<b>Financial liabilities</b>					
Subordinated bonds and tier 2 capital bonds	470,806	481,954	–	481,954	–

Subject to the existence of an active market such as an authorised stock exchange, the market value is the best reflection of the fair value of a financial instrument. As there is no available market value for certain financial assets held and financial liabilities issued by the Group, discounted cash flow or other valuation methods described below are adopted to determine the fair values of these financial assets and financial liabilities:

- (i) The fair values of financial investments measured at amortised cost relating to the restructuring of the Bank are estimated on the basis of the stated interest rates and the consideration of the relevant special clauses of the instruments evaluated in the absence of any other relevant observable market data, and the fair values approximate to their carrying amounts. The fair values of financial investments measured at amortised cost irrelevant to the restructuring of the Bank are determined based on the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.
- (ii) The fair values of subordinated bonds and tier 2 capital bonds are determined with reference to the available market values. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

All of the aforementioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's financial assets and financial liabilities. However, other institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

## 52. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

The statement of financial position of the Bank are set out below.

	31 December 2022	31 December 2021
<b>ASSETS</b>		
Cash and balances with central banks	3,347,555	2,959,034
Due from banks and other financial institutions	1,194,812	998,406
Derivative financial assets	51,163	47,218
Reverse repurchase agreements	686,682	523,897
Loans and advances to customers	21,761,362	19,310,688
Financial investments	9,748,008	8,562,631
Financial investments measured at FVTPL	466,374	396,261
Financial investments measured at FVTOCI	1,928,908	1,522,578
Financial investments measured at amortised cost	7,352,726	6,643,792
Investments in subsidiaries	163,283	163,283
Investments in associates	36,183	35,042
Property and equipment	127,907	133,698
Deferred tax assets	100,306	76,066
Other assets	534,276	630,440
<b>TOTAL ASSETS</b>	<b>37,751,537</b>	<b>33,440,403</b>
<b>LIABILITIES</b>		
Due to central banks	145,763	39,648
Due to banks and other financial institutions	3,106,929	2,821,165
Financial liabilities measured at FVTPL	55,936	70,256
Derivative financial liabilities	59,300	39,994
Repurchase agreements	400,490	178,256
Certificates of deposit	317,123	238,632
Due to customers	28,986,751	25,659,484
Income tax payable	82,932	91,029
Debt securities issued	786,799	655,515
Other liabilities	451,633	503,623
<b>TOTAL LIABILITIES</b>	<b>34,393,656</b>	<b>30,297,602</b>
<b>EQUITY</b>		
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	1,022,148	945,798
Retained profits	1,624,995	1,486,265
<b>TOTAL EQUITY</b>	<b>3,357,881</b>	<b>3,142,801</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>37,751,537</b>	<b>33,440,403</b>

**Chen Siqing**  
Chairman

**Liao Lin**  
Vice Chairman and President

**Wang Gang**  
Person in charge of Finance and  
Accounting Department

The statement of changes in equity of the Bank are set out below.

	Reserves											
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedging reserve	Other reserves	Subtotal	Retained profits	Total equity
Balance as at 1 January 2021	356,407	219,143	153,285	317,903	329,209	22,342	(2,097)	(4,082)	63	816,623	1,397,575	2,789,748
Profit for the year	-	-	-	-	-	-	-	-	-	-	323,100	323,100
Other comprehensive income	-	-	-	-	-	1,764	(2,676)	86	(61)	(887)	-	(887)
Total comprehensive income	-	-	-	-	-	1,764	(2,676)	86	(61)	(887)	323,100	322,213
Dividends – ordinary shares 2020 final (Note 17)	-	-	-	-	-	-	-	-	-	-	(94,804)	(94,804)
Distributions to other equity instrument holders (Note 17)	-	-	-	-	-	-	-	-	-	-	(9,607)	(9,607)
Appropriation to surplus reserve (i)	-	-	-	32,494	-	-	-	-	-	32,494	(32,494)	-
Appropriation to general reserve	-	-	-	-	97,505	-	-	-	-	97,505	(97,505)	-
Capital injection by other equity instrument holders	-	139,730	-	-	-	-	-	-	-	-	-	139,730
Capital reduction by other equity instrument holders	-	(4,542)	63	-	-	-	-	-	-	63	-	(4,479)
Balance as at 31 December 2021 and 1 January 2022	356,407	354,331	153,348	350,397	426,714	24,106	(4,773)	(3,996)	2	945,798	1,486,265	3,142,801
Profit for the year	-	-	-	-	-	-	-	-	-	-	346,056	346,056
Other comprehensive income	-	-	-	-	-	(15,593)	3,245	907	(191)	(11,632)	-	(11,632)
Total comprehensive income	-	-	-	-	-	(15,593)	3,245	907	(191)	(11,632)	346,056	334,424
Dividends – ordinary shares 2021 final (Note 17)	-	-	-	-	-	-	-	-	-	-	(104,534)	(104,534)
Distributions to other equity instrument holders (Note 17)	-	-	-	-	-	-	-	-	-	-	(14,810)	(14,810)
Appropriation to surplus reserve (i)	-	-	-	34,411	-	-	-	-	-	34,411	(34,411)	-
Appropriation to general reserve	-	-	-	-	53,571	-	-	-	-	53,571	(53,571)	-
Balance as at 31 December 2022	356,407	354,331	153,348	384,808	480,285	8,513	(1,528)	(3,089)	(189)	1,022,148	1,624,995	3,357,881

(i) Includes the appropriation made by overseas branches in the amount of RMB68 million (2021: RMB56 million).

### 53. EVENTS AFTER THE REPORTING PERIOD

A final dividend of RMB0.3035 (pre-tax) per share after the appropriation of statutory surplus reserve and general reserve, was approved at the board of directors' meeting held on 30 March 2023, and is subject to the approval of the Bank's shareholders at the forthcoming annual general meeting. Based on the number of ordinary shares issued as at 31 December 2022, the final dividend amounted to approximately RMB108,169 million in total. The dividend payable was not recognised as a liability in the consolidated financial statements.

### 54. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the presentation of 2022.

### 55. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on 30 March 2023.

## Unaudited Supplementary Information to the Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

### 1. Statement of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

There are no differences between the profit attributable to equity holders of the parent company under IFRSs and PRC GAAP for the year ended 31 December 2022 and 2021. There are no differences between the equity attributable to equity holders of the parent company under IFRSs and PRC GAAP as at 31 December 2022 and 31 December 2021.

### 2. Currency concentrations

	31 December 2022			
	USD	HKD	Other	Total
Spot assets	2,249,216	531,400	1,079,851	3,860,467
Spot liabilities	(2,089,919)	(525,235)	(754,849)	(3,370,003)
Forward purchases	1,732,590	247,474	453,110	2,433,174
Forward sales	(2,002,155)	(96,680)	(691,849)	(2,790,684)
Net option position	14,142	1,468	(3,292)	12,318
Net (short)/long position	(96,126)	158,427	82,971	145,272
Net structural position	138,963	832	27,582	167,377

	31 December 2021			
	USD	HKD	Other	Total
Spot assets	2,066,021	509,771	955,285	3,531,077
Spot liabilities	(2,115,377)	(446,184)	(680,182)	(3,241,743)
Forward purchases	2,112,979	166,543	385,249	2,664,771
Forward sales	(2,210,989)	(153,095)	(580,802)	(2,944,886)
Net option position	1,342	2,443	32	3,817
Net (short)/long position	(146,024)	79,478	79,582	13,036
Net structural position	128,581	803	26,055	155,439

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority. The net structural position of the Group includes the structural positions of the Bank's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- property and equipment, net of depreciation charges;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries, associates and joint ventures.

### 3. Loans and advances to customers (excludes accrued interest)

#### (i) Overdue loans and advances to customers

	31 December 2022	31 December 2021
Gross loans and advances to customers of the Group which have been overdue with respect to either principal or interest for periods of:		
Between 3 and 6 months	30,627	28,208
Between 6 and 12 months	48,882	41,849
Over 12 months	110,720	112,400
	190,229	182,457
As a percentage of the total gross loans and advances to customers:		
Between 3 and 6 months	0.13%	0.14%
Between 6 and 12 months	0.21%	0.20%
Over 12 months	0.48%	0.54%
	0.82%	0.88%

The definition of overdue loans and advances to customers is as follows:

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

For loans and advances repayable by regular instalments, if part of the instalments is overdue, the whole amount of the loans and advances would be classified as overdue.

#### (ii) Overdue loans and advances to customers by geographical distribution

	31 December 2022	31 December 2021
Head Office	42,383	35,969
Bohai Rim	45,934	50,790
Western China	41,139	33,400
Central China	39,140	37,461
Pearl River Delta	48,177	28,978
Yangtze River Delta	26,399	30,210
Northeastern China	25,550	27,324
Overseas and other	15,309	10,769
	284,031	254,901

#### (iii) Rescheduled loans and advances to customers

	31 December 2022		31 December 2021	
		% of total loans and advances		% of total loans and advances
Rescheduled loans and advances	26,229	0.11%	19,134	0.09%
Less: Rescheduled loans and advances overdue for more than three months	(2,281)	(0.01%)	(2,301)	(0.01%)
Rescheduled loans and advances overdue for less than three months	23,948	0.10%	16,833	0.08%

#### 4. Exposures to non-bank entities in Chinese mainland

The Bank is a commercial bank incorporated in Chinese mainland with its banking business primarily conducted in Chinese mainland. As at 31 December 2022 and 31 December 2021, substantial amounts of the Bank's exposures arose from businesses with entities or individuals in Chinese mainland. Analyses of various types of exposures by counterparty have been disclosed in the respective notes to the financial statements.

#### 5. Correspondence between balance sheet in published financial statements and capital composition

The disclosure of correspondence between balance sheet in published financial statements and capital composition is based on the Notice on Issuing Regulatory Documents on Capital Regulation for Commercial Banks (Yin Jian Fa [2013] No. 33) Appendix 2 Notice on Enhancing Disclosure Requirements for Composition of Capital.

##### (i) Capital composition

Item	31 December 2022	31 December 2021	Reference
<b>Common equity tier 1 capital:</b>			
1 Paid-in capital	356,407	356,407	X18
2 Retained earnings	2,654,856	2,413,631	
2a Surplus reserve	392,162	356,849	X21
2b General reserve	496,406	438,640	X22
2c Retained profits	1,766,288	1,618,142	X23
3 Accumulated other comprehensive income (and other public reserve)	127,335	129,939	
3a Capital reserve	148,174	148,597	X19
3b Other	(20,839)	(18,658)	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	3,293	3,539	X25
<b>6 Common equity tier 1 capital before regulatory adjustments</b>	<b>3,141,891</b>	<b>2,903,516</b>	
<b>Common equity tier 1 capital: Regulatory adjustments</b>			
7 Prudential valuation adjustments	–	–	
8 Goodwill (net of deferred tax liabilities)	8,320	7,691	X16
9 Other intangible assets other than land use rights (net of deferred tax liabilities)	7,473	5,669	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 hedge reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	(4,202)	X20
12 Shortfall of provision for loan impairment	–	–	
13 Gain on sales related to asset securitisation	–	–	
14 Unrealised gains and losses due to changes in own credit risk on fair-valued liabilities	–	–	
15 Defined-benefit pension fund net assets (net of deferred tax liabilities)	–	–	

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Item	31 December 2022	31 December 2021	Reference
16	Direct or indirect investments in own ordinary shares	—	—
17	Reciprocal cross-holdings in common equity tier 1 capital between banks, or between banks and other financial institutions	—	—
18	Deductible amount of non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	—	—
19	Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	—	—
20	Mortgage servicing rights	N/A	N/A
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of deferred tax liabilities)	—	—
22	Deductible amount exceeding the 15% threshold for significant minority capital investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation and undeducted portion of deferred tax assets arising from temporary differences (net of deferred tax liabilities)	—	—
23	Including: Deductible amount of significant minority investments in common equity tier 1 capital instruments issued by financial institutions	—	—
24	Including: Deductible amount of mortgage servicing rights	N/A	N/A
25	Including: Deductible amount in deferred tax assets arising from temporary differences	—	—
26a	Investments in common equity tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	7,980	7,980
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	—	—
<b>28</b>	<b>Total regulatory adjustments to common equity tier 1 capital</b>	<b>20,811</b>	<b>17,138</b>
<b>29</b>	<b>Common equity tier 1 capital</b>	<b>3,121,080</b>	<b>2,886,378</b>
<b>Additional tier 1 capital:</b>			
30	Additional tier 1 capital instruments and related premiums	354,331	354,331
31	Including: Portion classified as equity	354,331	354,331
32	Including: Portion classified as liabilities	—	—



Item	31 December 2022	31 December 2021	Reference
33 Invalid instruments to additional tier 1 capital after the transition period	–	–	
34 Valid portion of minority interests	584	655	X26
35 Including: Invalid portion to additional tier 1 capital after the transition period	–	–	
<b>36 Additional tier 1 capital before regulatory adjustments</b>	<b>354,915</b>	<b>354,986</b>	
<b>Additional tier 1 capital: Regulatory adjustments</b>			
37 Direct or indirect investments in own additional tier 1 instruments	–	–	
38 Reciprocal cross-holdings in additional tier 1 capital between banks, or between banks and other financial institutions	–	–	
39 Deductible amount of non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
40 Significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	–	–	
41a Investments in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41b Shortfall in additional tier 1 capital instruments issued by financial institutions that are under control but not subject to consolidation	–	–	
41c Other that should be deducted from additional tier 1 capital	–	–	
42 Undeducted shortfall that should be deducted from tier 2 capital	–	–	
<b>43 Total regulatory adjustments to additional tier 1 capital</b>	<b>–</b>	<b>–</b>	
<b>44 Additional tier 1 capital</b>	<b>354,915</b>	<b>354,986</b>	
<b>45 Tier 1 capital (common equity tier 1 capital + additional tier 1 capital)</b>	<b>3,475,995</b>	<b>3,241,364</b>	
<b>Tier 2 capital:</b>			
46 Tier 2 capital instruments and related premiums	528,307	418,415	X17
47 Invalid instruments to tier 2 capital after the transition period	–	20,285	
48 Valid portion of minority interests	1,013	1,116	X27
49 Including: Invalid portion to tier 2 capital after the transition period	–	–	
50 Valid portion of surplus provision for loan impairment	275,764	248,774	X02+X04
<b>51 Tier 2 capital before regulatory adjustments</b>	<b>805,084</b>	<b>668,305</b>	

Item	31 December 2022	31 December 2021	Reference
<b>Tier 2 capital: Regulatory adjustments</b>			
52 Direct or indirect investments in own tier 2 instruments	—	—	
53 Reciprocal cross-holdings in tier 2 capital between banks, or between banks and other financial institutions	—	—	
54 Deductible portion of non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	—	—	
55 Significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	—	—	X31
56a Investments in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	—	—	
56b Shortfall in tier 2 capital instruments issued by financial institutions that are under control but not subject to consolidation	—	—	
56c Other that should be deducted from tier 2 capital	—	—	
<b>57 Total regulatory adjustments to tier 2 capital</b>	<b>—</b>	<b>—</b>	
<b>58 Tier 2 capital</b>	<b>805,084</b>	<b>668,305</b>	
<b>59 Total capital (tier 1 capital+ tier 2 capital)</b>	<b>4,281,079</b>	<b>3,909,669</b>	
<b>60 Total risk-weighted assets</b>	<b>22,225,272</b>	<b>21,690,349</b>	
<b>Requirements for capital adequacy ratio and reserve capital</b>			
61 Common equity tier 1 capital adequacy ratio	14.04%	13.31%	
62 Tier 1 capital adequacy ratio	15.64%	14.94%	
63 Capital adequacy ratio	19.26%	18.02%	
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	9.04%	8.31%	
<b>Domestic minima for regulatory capital</b>			
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%	
<b>Amounts below the thresholds for deduction</b>			
72 Undeducted portion of non-significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	176,987	155,815	X05+X07+X08+X09+X12+X29+X30
73 Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	30,838	28,773	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)	101,072	74,611	

Item		31 December 2022	31 December 2021	Reference
<b>Valid caps of surplus provision for loan impairment in tier 2 capital</b>				
76	Provision for loan impairment under the weighted approach	31,195	24,545	X01
77	Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	19,820	15,909	X02
78	Surplus provision for loan impairment under the internal ratings-based approach	641,029	579,219	X03
79	Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	255,944	232,865	X04
<b>Capital instruments subject to phase-out arrangements</b>				
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	–	20,285	
85	Excluded from tier 2 capital for the current period due to cap	38,000	37,740	

**(ii) Consolidated financial statements**

	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*	31 December 2021 Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*
<b>Assets</b>				
Cash and balances with central banks	3,427,892	3,427,892	3,098,438	3,098,438
Due from banks and other financial institutions	365,625	323,131	346,457	301,191
Precious metals	273,289	273,289	265,962	265,962
Placements with banks and other financial institutions	676,879	676,879	480,693	480,693
Derivative financial assets	87,205	87,205	76,140	76,140
Reverse repurchase agreements	864,067	858,304	663,496	662,544
Loans and advances to customers	22,593,648	22,591,551	20,109,200	20,107,266
Financial investments	10,527,292	10,302,218	9,257,760	9,060,427
Financial investments measured at FVTPL	714,879	637,851	623,223	560,683
Financial investments measured at FVTOCI	2,178,018	2,115,023	1,803,604	1,743,097
Financial investments measured at amortised cost	7,634,395	7,549,344	6,830,933	6,756,647
Long-term equity investments	65,878	73,858	61,782	69,762
Fixed assets	274,839	274,771	270,017	269,952
Construction in progress	17,072	17,002	18,182	18,172
Deferred tax assets	101,600	101,072	79,259	79,259
Other assets	334,371	328,887	443,997	430,485
Total assets	39,609,657	39,336,059	35,171,383	34,920,291
<b>Liabilities</b>				
Due to central banks	145,781	145,781	39,723	39,723
Due to banks and other financial institutions	2,664,901	2,664,901	2,431,689	2,431,689
Placements from banks and other financial institutions	520,663	520,663	489,340	489,340
Financial liabilities measured at FVTPL	64,126	64,126	87,180	87,180
Derivative financial liabilities	96,350	96,350	71,337	71,337
Repurchase agreements	574,778	573,279	365,943	351,049
Certificates of deposit	375,452	375,452	290,342	290,342
Due to customers	29,870,491	29,870,491	26,441,774	26,441,774
Employee benefits payable	49,413	49,034	41,083	40,659
Taxes payable	102,074	102,031	108,897	108,871
Debt securities issued	905,953	900,807	791,375	791,375
Deferred tax liabilities	3,800	3,706	5,624	4,648
Other liabilities	722,049	464,748	731,818	508,191
Total liabilities	36,095,831	35,831,369	31,896,125	31,656,178

(\*) Prepared in accordance with PRC GAAP.

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

	31 December 2022 Consolidated balance sheet as in published financial statements*	31 December 2022 Balance sheet under regulatory scope of consolidation*	31 December 2021 Consolidated balance sheet as in published financial statements*	31 December 2021 Balance sheet under regulatory scope of consolidation*
<b>Equity</b>				
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	148,174	148,174	148,597	148,597
Other comprehensive income	(20,484)	(20,839)	(18,343)	(18,658)
Surplus reserve	392,487	392,162	357,169	356,849
General reserve	496,719	496,406	438,952	438,640
Retained profits	1,767,537	1,766,288	1,620,642	1,618,142
Equity attributable to equity holders of the parent company	3,495,171	3,492,929	3,257,755	3,254,308
Minority interests	18,655	11,761	17,503	9,805
Total equity	3,513,826	3,504,690	3,275,258	3,264,113

(\*) Prepared in accordance with PRC GAAP.

**(iii) Description of related items**

Item	31 December 2022 Balance sheet under regulatory scope of consolidation	Reference
Loans and advances to customers	22,591,551	
Total loans and advances to customers	23,263,775	
Less: Provision for loan impairment under the weighted approach	31,195	X01
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the weighted approach	19,820	X02
Less: Provision for loan impairment under the internal ratings-based approach	641,029	X03
Including: Valid cap of surplus provision for loan impairment in tier 2 capital under the internal ratings-based approach	255,944	X04
Financial investments		
Financial investments measured at FVTPL	637,851	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	57	X05
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	130	X06
Including: Non-significant minority investments in additional tier 1 capital instruments issued by financial institutions that are not subject to consolidation	63	X07
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	159,641	X08

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Item	31 December 2022 Balance sheet under regulatory scope of consolidation	Reference
Financial investments measured at FVTOCI	2,115,023	
Including: Non-significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	14,516	X09
Including: Significant minority investments in common equity tier 1 capital instruments issued by financial institutions that are not subject to consolidation	2,625	X10
Including: Non-significant minority investments in tier 2 capital instruments issued by financial institutions that are not subject to consolidation	–	X29
Financial investments measured at amortised cost	7,549,344	
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	73,858	
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	2,710	X12
Including: Undeducted portion of significant minority investments in capital instruments issued by financial institutions that are not subject to consolidation	28,083	X13
Other assets	328,887	
Interest receivable	2,941	
Intangible assets	22,320	X14
Including: Land use rights	14,847	X15
Other receivables	154,823	
Goodwill	8,320	X16
Long-term deferred expenses	6,604	
Reposessed assets	3,405	
Other	130,474	
Debt securities issued	900,807	
Including: Valid portion of tier 2 capital instruments and their premiums	528,307	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	148,174	X19

Item	31 December 2022	
	Balance sheet under regulatory scope of consolidation	Reference
Other comprehensive income	(20,839)	X24
Reserve for changes in fair value of financial assets	533	
Reserve for cash flow hedging	(2,987)	
Including: Cash flow hedging reserve that relates to the hedging of items that are not fair-valued on the balance sheet	(2,962)	X20
Changes in share of other owners' equity of associates and joint ventures	(582)	
Foreign currency translation reserve	(17,457)	
Other	(346)	
Surplus reserve	392,162	X21
General reserve	496,406	X22
Retained profits	1,766,288	X23
Minority interests	11,761	
Including: Valid portion of common equity tier 1 capital	3,293	X25
Including: Valid portion of additional tier 1 capital	584	X26
Including: Valid portion of tier 2 capital	1,013	X27

**(iv) Main features of eligible capital instruments**

Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	601398	1398	360011	360036
Governing law(s) of the instrument	Securities Law of the People's Republic of China/China	Securities and Futures Ordinance of Hong Kong/ Hong Kong SAR, China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China	Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Guidance of the State Council on Launch of Preference Shares Pilot, Trial Administrative Measures on Preference Shares, Guidance on the Issuance of Preference Shares of Commercial Banks to Replenish Tier 1 Capital/China
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group

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Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Instrument type	Common equity tier 1 capital instrument	Common equity tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB336,554	RMB168,374	RMB44,947	RMB69,981
Par value of instrument (in millions)	RMB269,612	RMB86,795	RMB45,000	RMB70,000
Accounting treatment	Share capital, capital reserve	Share capital, capital reserve	Other equity	Other equity
Original date of issuance	19 October 2006	19 October 2006	18 November 2015	19 September 2019
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	No	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	N/A	N/A	The First Redemption Date is 18 November 2020, in full or partial amount	The First Redemption Date is 24 September 2024, in full or partial amount
Including: Subsequent call dates, if applicable	N/A	N/A	Commences on the First Redemption Date (18 November 2020) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares	Commences on the First Redemption Date (24 September 2024) and ends on the completion date of redemption or conversion of all the Domestic Preference Shares
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Floating	Floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	N/A	N/A	4.5% (dividend rate) before 23 November 2020, 4.58% (dividend rate) between 23 November 2020 and 22 November 2025	4.2% (dividend rate) before 24 September 2024
Including: Existence of a dividend stopper	N/A	N/A	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	Yes	Yes
Including: If convertible, conversion trigger(s)	N/A	N/A	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event	Additional Tier 1 Capital Trigger Event or Tier 2 Capital Trigger Event
Including: If convertible, fully or partially	N/A	N/A	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs	Fully or partially convertible when an Additional Tier 1 Capital Trigger Event occurs; fully convertible when a Tier 2 Capital Trigger Event occurs
Including: If convertible, conversion rate	N/A	N/A	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 25 July 2014, the date of publication of the Board resolution in respect of the issuance plan	The initial conversion price is equal to the average trading price of the A shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan
Including: If convertible, mandatory or optional conversion	N/A	N/A	Mandatory	Mandatory



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Main features of regulatory capital instrument	Ordinary shares (A share)	Ordinary shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)
Including: If convertible, specify instrument type convertible into	N/A	N/A	Common equity tier 1 capital	Common equity tier 1 capital
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	The Bank	The Bank
Write-down feature	No	No	No	No
Including: If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
Including: If write-down, full or partial	N/A	N/A	N/A	N/A
Including: If write-down, permanent or temporary	N/A	N/A	N/A	N/A
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to depositor, general creditor, creditor of the subordinated debts and preference shareholders	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds	Subordinated to deposits, general debts, subordinated debts, tier 2 capital bonds and undated additional tier 1 capital bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	4620	1928018	2128021	Regulation S ISIN: XS2383421711
Governing law(s) of the instrument	The creation and issue of the Offshore Preference Shares and the rights and obligations (including non-contractual rights and obligations) attached to them are governed by, and shall be construed in accordance with, PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	The Notes and any other non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. However, the provisions in the terms and conditions of the Notes relating to subordination of the Notes shall be governed by and construed in accordance with PRC law and regulations
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument	Additional tier 1 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB equivalent 19,687	RMB79,987	RMB69,992	RMB equivalent 39,742
Par value of instrument (in millions)	USD2,900	RMB80,000	RMB70,000	USD6,160
Accounting treatment	Other equity	Other equity	Other equity	Other equity
Original date of issuance	23 September 2020	26 July 2019	4 June 2021	24 September 2021

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Main features of regulatory capital instrument	Preference shares (Offshore)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Domestic)	Undated additional tier 1 capital bonds (Offshore)
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
Including: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 23 September 2025, in full or partial amount	The First Redemption Date is 30 July 2024, in full or partial amount	The First Redemption Date is 8 June 2026, in full or partial amount	The First Redemption Date is 24 September 2026, in full or partial amount
Including: Subsequent call dates, if applicable	23 September in each year after the First Redemption Date	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (30 July 2024). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (8 June 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (24 September 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating	Fixed to floating	Fixed to floating
Including: Coupon rate and any related index	3.58% (dividend rate) before 23 September 2025	4.45% (interest rate) before 30 July 2024	4.04% (interest rate) before 8 June 2026	3.20% (interest rate) before 24 September 2026
Including: Existence of a dividend stopper	Yes	Yes	Yes	Yes
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Yes	No	No	No
Including: If convertible, conversion trigger(s)	Non-viability Trigger Event	N/A	N/A	N/A
Including: If convertible, fully or partially	Fully or partially convertible when a Non-viability Trigger Event occurs	N/A	N/A	N/A
Including: If convertible, conversion rate	The initial conversion price is equal to the average trading price of the H shares of the Bank for the 20 trading days preceding 30 August 2018, the date of publication of the Board resolution in respect of the issuance plan	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	Mandatory	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	Common equity tier 1 capital	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	The Bank	N/A	N/A	N/A

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Main features of regulatory capital instrument	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 instrument	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2128044	Rule 144A ISIN: US455881AD47 Regulation S ISIN: USY39656AC06	1928006	1928007
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents/China	The Notes and the Fiscal Agency Agreement shall be governed by, and shall be construed in accordance with New York law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with PRC law	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Additional tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Additional tier 1 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument

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Main features of regulatory capital instrument	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 8,307	RMB45,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	USD2,000	RMB45,000	RMB10,000
Accounting treatment	Other equity	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 November 2021	21 September 2015	21 March 2019	21 March 2019
Perpetual or dated	Perpetual	Dated	Dated	Dated
Including: Original maturity date	No maturity date	21 September 2025	25 March 2029	25 March 2034
Issuer call (subject to prior supervisory approval)	Yes	No	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	The First Redemption Date is 26 November 2026 in full or partial amount	N/A	25 March 2024, in full amount	25 March 2029, in full amount
Including: Subsequent call dates, if applicable	Redemption of present bonds in full or in part on each Distribution Payment Date since the First Redemption Date (26 November 2026). The Issuer has the right to redeem the present bonds in full rather than in part if the present bonds are no longer qualified as additional tier 1 capital after they are issued due to unpredictable changes in regulatory rules	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed to floating	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.65% (interest rate) before 26 November 2026	4.875%	4.26%	4.51%
Including: Existence of a dividend stopper	Yes	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Fully discretionary	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A

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Main features of regulatory capital instrument	Undated additional tier 1 capital bonds (Domestic)	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Non-viability Trigger Event	Whichever occurs earlier: (i) CBIRC 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) CBIRC 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) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Full or partial write-down when a Non-viability Trigger Event occurs	Partial or full write-down	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to deposits, general debts, subordinated debts and tier 2 capital bonds	Subordinated to depositor and general creditor, pari passu with other subordinated debts	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No	No	No
Including: If yes, specify non-compliant features	N/A	N/A	N/A	N/A

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Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	1928011	1928012	2028041	2028049
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Par value of instrument (in millions)	RMB45,000	RMB10,000	RMB60,000	RMB30,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	24 April 2019	24 April 2019	22 September 2020	12 November 2020
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	26 April 2029	26 April 2034	24 September 2030	16 November 2030
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	26 April 2024, in full amount	26 April 2029, in full amount	24 September 2025, in full amount	16 November 2025, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.40%	4.69%	4.20%	4.15%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

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Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC 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) CBIRC 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) CBIRC 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) CBIRC 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

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2028050	2128002	2128051	2128052
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB10,000	RMB30,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	12 November 2020	19 January 2021	13 December 2021	13 December 2021
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	16 November 2035	21 January 2031	15 December 2031	15 December 2036
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	16 November 2030, in full amount	21 January 2026, in full amount	15 December 2026, in full amount	15 December 2031, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	4.45%	4.15%	3.48%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative



Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC 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) CBIRC 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) CBIRC 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) CBIRC 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

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	2228004	2228005	2228024	2228025
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Par value of instrument (in millions)	RMB35,000	RMB5,000	RMB45,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 January 2022	18 January 2022	12 April 2022	12 April 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	20 January 2032	20 January 2037	14 April 2032	14 April 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	20 January 2027, in full amount	20 January 2032, in full amount	14 April 2027, in full amount	14 April 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.28%	3.60%	3.50%	3.74%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC 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) CBIRC 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) CBIRC 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) CBIRC 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

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank	The Bank	The Bank
Unique identifier	092280065	092280066	092280134	092280135
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment				
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Par value of instrument (in millions)	RMB30,000	RMB10,000	RMB50,000	RMB10,000
Accounting treatment	Debt securities issued	Debt securities issued	Debt securities issued	Debt securities issued
Original date of issuance	18 August 2022	18 August 2022	8 November 2022	8 November 2022
Perpetual or dated	Dated	Dated	Dated	Dated
Including: Original maturity date	22 August 2032	22 August 2037	10 November 2032	10 November 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 August 2027, in full amount	22 August 2032, in full amount	10 November 2027, in full amount	10 November 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons/dividends				
Including: Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
Including: Coupon rate and any related index	3.02%	3.32%	3.00%	3.34%
Including: Existence of a dividend stopper	No	No	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down feature	Yes	Yes	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC 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) CBIRC 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) CBIRC 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) CBIRC 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

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds
Issuer	The Bank	The Bank
Unique identifier	232280007	232280008
Governing law(s) of the instrument	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents	Governed by the Commercial Banking Law of the People's Republic of China, the Regulation Governing Capital of Commercial Banks (Provisional) and the Measures for Administration of Financial Bond Issuance in China's Inter-bank Bond Market, as well as other applicable laws, regulations and normative documents
Regulatory treatment		
Including: Transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Post-transition arrangement of Regulation Governing Capital of Commercial Banks (Provisional)	Tier 2 capital	Tier 2 capital
Including: Eligible to the parent company/group level	Parent company/Group	Parent company/Group
Instrument type	Tier 2 capital instrument	Tier 2 capital instrument
Amount recognised in regulatory capital (in millions, as at the latest reporting date)	RMB25,000	RMB5,000
Par value of instrument (in millions)	RMB25,000	RMB5,000
Accounting treatment	Debt securities issued	Debt securities issued
Original date of issuance	20 December 2022	20 December 2022
Perpetual or dated	Dated	Dated
Including: Original maturity date	22 December 2032	22 December 2037
Issuer call (subject to prior supervisory approval)	Yes	Yes
Including: Optional call date, contingent call dates and redemption amount	22 December 2027, in full amount	22 December 2032, in full amount
Including: Subsequent call dates, if applicable	N/A	N/A
Coupons/dividends		
Including: Fixed or floating dividend/coupon	Fixed	Fixed
Including: Coupon rate and any related index	3.70%	3.85%
Including: Existence of a dividend stopper	No	No
Including: Fully discretionary, partially discretionary or mandatory cancellation of coupons/dividends	Mandatory	Mandatory
Including: Redemption incentive mechanism	No	No
Including: Non-cumulative or cumulative	Non-cumulative	Non-cumulative

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

Main features of regulatory capital instrument	Tier 2 capital bonds	Tier 2 capital bonds
Convertible or non-convertible	No	No
Including: If convertible, conversion trigger(s)	N/A	N/A
Including: If convertible, fully or partially	N/A	N/A
Including: If convertible, conversion rate	N/A	N/A
Including: If convertible, mandatory or optional conversion	N/A	N/A
Including: If convertible, specify instrument type convertible into	N/A	N/A
Including: If convertible, specify issuer of instrument it converts into	N/A	N/A
Write-down feature	Yes	Yes
Including: If write-down, write-down trigger(s)	Whichever occurs earlier: (i) CBIRC 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) CBIRC having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable
Including: If write-down, full or partial	Partial or full write-down	Partial or full write-down
Including: If write-down, permanent or temporary	Permanent write-down	Permanent write-down
Including: If temporary write-down, description of write-up mechanism	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds	Subordinated to depositor and general creditor; but senior to equity capital, additional tier 1 capital instruments and hybrid capital bonds; pari passu with other subordinated debts that have been issued by the Issuer and are pari passu with the present bonds; and pari passu with other tier 2 capital instruments that will possibly be issued in the future and are pari passu with the present bonds
Non-compliant transitioned features	No	No
Including: If yes, specify non-compliant features	N/A	N/A

## 6. Disclosure of Leverage Ratio

The following information is disclosed in accordance with the Administrative Measures for Leverage Ratio of Commercial Banks (Revised) (CBRC No.1, 2015).

### (i) Correspondence between Regulatory Leverage Ratio Items and Accounting Items and their differences

S/N	Item	31 December 2022	31 December 2021
1	Total consolidated assets as per published financial statements	39,609,657	35,171,383
2	Consolidated adjustments for accounting purposes but outside the scope of regulatory consolidation	(273,598)	(251,092)
3	Adjustments for fiduciary assets	—	—
4	Adjustments for derivative financial instruments	97,074	104,865
5	Adjustment for securities financing transactions	39,728	40,027
6	Adjustment for off-balance sheet items	2,328,504	2,244,477
7	Other adjustments	(20,811)	(17,138)
8	Balance of adjusted on- and off-balance sheet assets	41,780,554	37,292,522

### (ii) Leverage Ratio, Net Tier 1 Capital, Balance of Adjusted On- and Off-balance Sheet Assets and Related Information

S/N	Item	31 December 2022	31 December 2021
1	On-balance sheet items (excluding derivatives and SFTs)	38,689,986	34,436,056
2	Less: Asset amounts deducted in determining Basel III tier 1 capital	(20,811)	(17,138)
3	Balance of adjusted on-balance sheet assets (excluding derivatives and SFTs)	38,669,175	34,418,918
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	94,240	84,898
5	Add-on amounts for PFE associated with all derivatives transactions	84,921	91,940
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)	(128)
9	Effective notional amount of written credit derivatives	25,369	37,702
10	Less: Adjusted effective notional deductions for written credit derivatives	(20,193)	(33,407)
11	Total derivative exposures	184,279	181,005
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	558,868	408,095
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	—	—
14	CCR exposure for SFT assets	39,728	40,027
15	Agent transaction exposures	—	—
16	Total securities financing transaction exposures	598,596	448,122
17	Off-balance sheet exposure at gross notional amount	7,056,225	6,328,760
18	Less: Adjustments for conversion to credit equivalent amounts	(4,727,721)	(4,084,283)
19	Balance of adjusted off-balance sheet assets	2,328,504	2,244,477
20	Net tier 1 capital	3,475,995	3,241,364
21	Balance of adjusted on- and off-balance sheet assets	41,780,554	37,292,522
22	Leverage ratio	8.32%	8.69%



## 7. Quantitative Information Disclosure of Liquidity Coverage Ratio Using Advanced Capital Management Approach

The Group discloses liquidity coverage ratio using Advanced Capital Management Approach in accordance with Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks (Yin Jian Fa [2015] No. 52).

S/N	Item	Fourth-quarter 2022	
		Total unweighted value	Total weighted value
	<b>High-quality liquid assets</b>		
1	Total high-quality liquid assets (HQLA)		6,660,490
	<b>Cash outflows</b>		
2	Retail deposits and deposits from small business customers of which:	15,130,987	1,509,558
3	Stable deposits	55,650	2,024
4	Less stable deposits	15,075,337	1,507,534
5	Unsecured wholesale funding, of which:	16,495,064	5,569,319
6	Operational deposits (excluding those generated from correspondent banking activities)	9,465,040	2,300,066
7	Non-operational deposits (all counterparties)	6,959,050	3,198,279
8	Unsecured debt	70,974	70,974
9	Secured funding		9,077
10	Additional requirements, of which:	3,427,024	1,416,587
11	Outflows related to derivative exposures and other collateral requirements	1,243,785	1,243,785
12	Outflows related to loss of funding on debt products	—	—
13	Credit and liquidity facilities	2,183,239	172,802
14	Other contractual funding obligations	83,877	83,845
15	Other contingent funding obligations	5,775,330	106,549
16	Total cash outflows		8,694,935
	<b>Cash inflows</b>		
17	Secured lending (including reverse repos and securities borrowing)	852,446	591,084
18	Inflows from fully performing exposures	1,889,237	1,241,478
19	Other cash inflows	1,226,288	1,224,325
20	Total cash inflows	3,967,971	3,056,887
			<b>Total Adjusted Value</b>
21	Total HQLA		6,660,490
22	Total net cash outflows		5,638,048
23	Liquidity coverage ratio (%)		118.27%

Data of the above table are the simple arithmetic average of the 92 calendar days' figures of the recent quarter.

## 8. Quantitative Information Disclosure of Net Stable Funding Ratio (NSFR) Using Advanced Capital Management Approach

The Group discloses net stable funding ratio information in accordance with Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (Yin Bao Jian Fa [2019] No. 11).

		31 December 2022				
		Unweighted value				
		6 months				
No.	Item	No maturity	< 6 months	to < 1 year	≥ 1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	3,770,528	–	–	528,307	4,298,835
2	Regulatory capital	3,770,528	–	–	528,307	4,298,835
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	7,213,206	8,563,324	20,688	9,841	14,232,269
5	Stable deposits	37,455	45,385	15,778	8,197	101,885
6	Less stable deposits	7,175,751	8,517,939	4,910	1,644	14,130,384
7	Wholesale funding:	9,207,060	7,701,069	501,415	229,331	8,170,565
8	Operational deposits	8,864,675	519,213	23,875	4,079	4,707,961
9	Other wholesale funding	342,385	7,181,856	477,540	225,252	3,462,604
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	7,418	852,606	71,649	749,238	723,143
12	NSFR derivative liabilities				69,338	
13	All other liabilities and equities not included in the above categories	7,418	852,606	71,649	679,900	723,143
14	Total ASF					27,424,812
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,160,260
16	Deposits held at other financial institutions for operational purposes	175,102	33,176	279	1,024	105,537
17	Loans and securities:	551	4,626,668	3,589,345	18,251,096	18,991,605
18	Loans to financial institutions secured by Level 1 HQLA	–	451,518	–	55	66,803
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,199,164	391,059	287,449	662,853
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,612,458	3,049,467	10,480,034	11,646,149
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	579,290	804,618	324,602	888,892

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

		31 December 2022				
		Unweighted value				
No.	Item	No maturity	6 months			Weighted value
			< 6 months	to < 1 year	≥ 1 year	
22	Residential mortgages, of which:	–	2,474	3,182	6,453,314	5,485,142
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	445	434	15,788	10,857
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	551	361,054	145,637	1,030,244	1,130,658
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	301,113	448,318	30,814	130,711	793,357
27	Physical traded commodities, including gold	12,622				10,729
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				7,199	6,119
29	NSFR derivative assets				62,200	–
30	NSFR derivative liabilities with additional variation margin posted				81,043*	16,209
31	All other assets not included in the above categories	288,491	448,318	30,814	61,312	760,300
32	Off-balance sheet items				8,430,008	238,972
33	Total RSF					21,289,731
34	Net Stable Funding Ratio (%)					128.82%

(\*) 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".

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

		30 September 2022				
		Unweighted value				
No.	Item	No maturity	6 months		≥ 1 year	Weighted value
			< 6 months	to < 1 year		
Available stable funding (ASF) item						
1	Capital:	3,680,528	–	–	438,479	4,119,007
2	Regulatory capital	3,680,528	–	–	438,479	4,119,007
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	6,824,929	8,482,647	44,235	10,282	13,831,774
5	Stable deposits	39,959	40,202	17,085	7,644	100,027
6	Less stable deposits	6,784,970	8,442,445	27,150	2,638	13,731,747
7	Wholesale funding:	9,252,232	8,184,297	394,603	203,822	8,431,710
8	Operational deposits	8,892,911	584,054	25,229	5,031	4,756,128
9	Other wholesale funding	359,321	7,600,243	369,374	198,791	3,675,582
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	8,275	1,053,973	32,512	708,929	600,390
12	NSFR derivative liabilities				133,071	
13	All other liabilities and equities not included in the above categories	8,275	1,053,973	32,512	575,858	600,390
14	Total ASF					26,982,881
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					1,084,851
16	Deposits held at other financial institutions for operational purposes	195,577	69,618	274	1,004	133,985
17	Loans and securities:	615	4,911,316	3,632,772	17,944,178	18,771,497
18	Loans to financial institutions secured by Level 1 HQLA	–	690,333	–	47	102,655
19	Loans to financial institutions secured by non-Level 1 HQLA and unsecured loans to financial institutions	–	1,276,200	450,809	247,989	664,823
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and PSEs, of which:	–	2,602,441	3,054,870	10,201,415	11,400,356
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	540,183	763,065	325,428	849,077

Unaudited Supplementary Information to the Consolidated Financial Statements  
(In RMB millions, unless otherwise stated)

		30 September 2022				
		Unweighted value				
		6 months				
No.	Item	No maturity	< 6 months	to < 1 year	≥ 1 year	Weighted value
22	Residential mortgages, of which:	–	2,775	3,159	6,485,998	5,512,982
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	477	441	16,242	11,182
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	615	339,567	123,934	1,008,729	1,090,681
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	340,899	492,999	31,710	239,967	879,285
27	Physical traded commodities, including gold	47,029				39,975
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				35,600	30,260
29	NSFR derivative assets				131,973	–
30	NSFR derivative liabilities with additional variation margin posted				155,175*	31,035
31	All other assets not included in the above categories	293,870	492,999	31,710	72,394	778,015
32	Off-balance sheet items				8,400,045	244,112
33	Total RSF					21,113,730
34	Net Stable Funding Ratio (%)					127.80%

(\*) The amount of derivative liabilities shall be filled in for this item, which is the amount of NSFR derivative liabilities without regard to maturity before deducting variation margin. It is excluded from the item 26 "Other assets".

## List of Domestic and Overseas Branches and Offices

### Domestic Institutions

#### ANHUI BRANCH

Address: No. 189 Wuhu Road,  
Hefei City, Anhui  
Province, China

Postcode: 230001

Tel: 0551-62869178/62868101

Fax: 0551-62868077

#### BEIJING BRANCH

Address: Tower B, Tianyin  
Mansion, No. 2  
Fuxingmen South Street,  
Xicheng District, Beijing,  
China

Postcode: 100031

Tel: 010-66410579

Fax: 010-66410579

#### CHONGQING BRANCH

Address: No. 61 Taichang  
Road, Nan'an District,  
Chongqing, China

Postcode: 400061

Tel: 023-62918002

Fax: 023-62918059

#### DALIAN BRANCH

Address: No. 5 Zhongshan Square,  
Dalian City, Liaoning  
Province, China

Postcode: 116001

Tel: 0411-82378888

Fax: 0411-82808377

#### FUJIAN BRANCH

Address: No. 108 Gutian Road,  
Fuzhou City, Fujian  
Province, China

Postcode: 350005

Tel: 0591-88087819/88087000

Fax: 0591-83353905/83347074

#### GANSU BRANCH

Address: No. 408 Qingyang Road,  
Chengguan District,  
Lanzhou City, Gansu  
Province, China

Postcode: 730030

Tel: 0931-8436609

Fax: 0931-8435166

#### GUANGDONG BRANCH

Address: No. 123 Yanjiang West  
Road, Guangzhou City,  
Guangdong Province,  
China

Postcode: 510120

Tel: 020-81308130

Fax: 020-81308789

#### GUANGXI BRANCH

Address: No. 15-1 Jiaoyu Road,  
Nanning City, Guangxi  
Zhuang Autonomous  
Region, China

Postcode: 530022

Tel: 0771-5316617

Fax: 0771-5316617/2806043

#### GUIZHOU BRANCH

Address: No. 200 Zhonghua North  
Road, Yunyan District,  
Guiyang City, Guizhou  
Province, China

Postcode: 550001

Tel: 0851-88620584/88620018

Fax: 0851-85963911

#### HAINAN BRANCH

Address: No. 54 Heping South  
Road, Haikou City, Hainan  
Province, China

Postcode: 570203

Tel: 0898-65303138/65342829

Fax: 0898-65342986

#### HEBEI BRANCH

Address: Tower B, Zhonghua  
Shangwu Tower, No. 188  
Zhongshan West Road,  
Shijiazhuang City, Hebei  
Province, China

Postcode: 050051

Tel: 0311-66000001/66001999

Fax: 0311-66000002

#### HENAN BRANCH

Address: No. 99 Jingsan Road,  
Zhengzhou City, Henan  
Province, China

Postcode: 450011

Tel: 0371-65776888/65776808

Fax: 0371-65776889/65776988

#### HEILONGJIANG BRANCH

Address: No. 218 Zhongyang  
Street, Daoli District,  
Harbin City, Heilongjiang  
Province, China

Postcode: 150010

Tel: 0451-84668139/84668577

Fax: 0451-84698115

#### HUBEI BRANCH

Address: No. 31 Zhongbei Road,  
Wuchang District, Wuhan  
City, Hubei Province,  
China

Postcode: 430071

Tel: 027-69908676/69908658

Fax: 027-69908040

#### HUNAN BRANCH

Address: No. 619 Furong Middle  
Road Yi Duan, Changsha  
City, Hunan Province,  
China

Postcode: 410011

Tel: 0731-84428833/84420000

Fax: 0731-84430039

#### JILIN BRANCH

Address: No. 9559 Renmin  
Avenue, Changchun City,  
Jilin Province, China

Postcode: 130022

Tel: 0431-89569718/89569007

Fax: 0431-88923808

#### JIANGSU BRANCH

Address: No. 408 Zhongshan  
South Road, Nanjing City,  
Jiangsu Province, China

Postcode: 210006

Tel: 025-52858000

Fax: 025-52858111

#### JIANGXI BRANCH

Address: No. 888, Fenghe Middle  
Avenue, Honggutan  
District, Nanchang City,  
Jiangxi Province, China

Postcode: 330008

Tel: 0791-86695682/86695018

Fax: 0791-86695230

#### LIAONING BRANCH

Address: No. 88 Nanjing North  
Road, Heping District,  
Shenyang City, Liaoning  
Province, China

Postcode: 110001

Tel: 024-23491600

Fax: 024-23491609

#### INNER MONGOLIA BRANCH

Address: No. 10 Silk Road Avenue,  
Xincheng District, Hohhot  
City, Inner Mongolia  
Autonomous Region,  
China

Postcode: 010060

Tel: 0471-6940833/6940297

Fax: 0471-6940048

#### NINGBO BRANCH

Address: No. 218 Zhongshan  
West Road, Ningbo City,  
Zhejiang Province, China

Postcode: 315010

Tel: 0574-87361162

Fax: 0574-87361190

## List of Domestic and Overseas Branches and Offices

### NINGXIA BRANCH

Address: No. 67 Zhonghai Road, Jinfeng District, Yinchuan City, Ningxia Autonomous Region, China

Postcode: 750002  
Tel: 0951-5029739  
Fax: 0951-5890917

### QINGDAO BRANCH

Address: No. 25 Shandong Road, Shinan District, Qingdao City, Shandong Province, China

Postcode: 266071  
Tel: 0532-66211001  
Fax: 0532-85814711

### QINGHAI BRANCH

Address: No. 2 Shengli Road, Xining City, Qinghai Province, China

Postcode: 810001  
Tel: 0971-6169722/6152326  
Fax: 0971-6152326

### SHANDONG BRANCH

Address: No. 310 Jingsi Road, Jinan City, Shandong Province, China

Postcode: 250001  
Tel: 0531-66681114  
Fax: 0531-87941749/66681200

### SHANXI BRANCH

Address: No. 145 Yingze Street, Taiyuan City, Shanxi Province, China

Postcode: 030001  
Tel: 0351-6248888/6248011  
Fax: 0351-6248004

### SHAANXI BRANCH

Address: No. 395 Dongxin Street, Xi'an City, Shaanxi Province, China

Postcode: 710004  
Tel: 029-87602608/87602630  
Fax: 029-87602999

### SHANGHAI BRANCH

Address: No. 8 Yincheng Road, Pudong New District, Shanghai, China

Postcode: 200120  
Tel: 021-58885888/68088888  
Fax: 021-58882888

### SHENZHEN BRANCH

Address: North Block Financial Center, No. 5055 Shennan East Road, Luohu District, Shenzhen City, Guangdong Province, China

Postcode: 518015  
Tel: 0755-82246400  
Fax: 0755-82246247

### SICHUAN BRANCH

Address: No. 45 Zongfu Road, Jinjiang District, Chengdu City, Sichuan Province, China

Postcode: 610020  
Tel: 028-82866000  
Fax: 028-82866025

### TIANJIN BRANCH

Address: No. 123 Weidi Road, Hexi District, Tianjin, China

Postcode: 300074  
Tel: 022-28400648  
Fax: 022-28400123/022-28400647

### XIAMEN BRANCH

Address: No. 17 Hubin North Road, Xiamen City, Fujian Province, China

Postcode: 361012  
Tel: 0592-5292000  
Fax: 0592-5054663

### XINJIANG BRANCH

Address: No. 231 Renmin Road, Tianshan District, Urumqi, Xinjiang Autonomous Region, China

Postcode: 830002  
Tel: 0991-5981888  
Fax: 0991-2828608

### TIBET BRANCH

Address: No. 31 Jinzhu Mid-Rd., Lhasa, Tibet Autonomous Region

Postcode: 850000  
Tel: 0891-6898002  
Fax: 0891-6898001

### YUNNAN BRANCH

Address: Bank Mansion, No. 395 Qingnian Road, Kunming City, Yunnan Province, China

Postcode: 650021  
Tel: 0871-65536313  
Fax: 0871-63134637

### ZHEJIANG BRANCH

Address: No. 66 Juyuan Road, Shangcheng District, Hangzhou City, Zhejiang Province, China

Postcode: 310016  
Tel: 0571-87803888  
Fax: 0571-87808207

### ICBC Credit Suisse Asset Management Co., Ltd.

Address: Tower A, Xincheng Plaza, No. 5 Financial Street, Xicheng District, Beijing, China

Postcode: 100033  
Tel: 010-66583349  
Fax: 010-66583158

### ICBC Financial Leasing Co., Ltd.

Address: Taida MSD-B1, No. 62 Second Street, Economic Development Zone, Tianjin, China

Postcode: 300457  
Tel: 022-66283766/010-66105888  
Fax: 022-66224510/010-66105999

### ICBC-AXA Assurance Co., Ltd.

Address: 19/F Mirae Asset Tower, No. 166 Lujiazui Ring Road, Pudong New Area, Shanghai, China

Postcode: 200120  
Tel: 021-5879-2288  
Fax: 021-5879-2299

### ICBC Financial Asset Investment Co., Ltd.

Address: 19-20/F, Tower B, Yang Zi S&T Innovation Center Phase I, Jiangbei New Area, No. 211 Pubin Road, Nanjing City, Jiangsu Province, China

Postcode: 211800  
Tel: 025-58172219

### ICBC Wealth Management Co., Ltd.

Address: No. 6 Financial Street, Xicheng District, Beijing, China

Postcode: 100032  
Tel: 010-86509184  
Fax: 010-86509901

### Chongqing Bishan ICBC Rural Bank Co., Ltd.

Address: No.8 Xianshan Road, Biquan Street, Bishan District, Chongqing, China

Postcode: 402760  
Tel: 023-85297704  
Fax: 023-85297709

### Zhejiang Pinghu ICBC Rural Bank Co., Ltd.

Address: No.258 Chengnan West Road, Pinghu City, Zhejiang Province, China

Postcode: 314200  
Tel: 0573-85139616  
Fax: 0573-85139626

## List of Domestic and Overseas Branches and Offices

### Overseas Institutions

#### Hong Kong SAR and Macau SAR

##### Industrial and Commercial Bank of China Limited, Hong Kong Branch

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

Email: icbchk@icbcasia.com

Tel: + 852-25881188

Fax: + 852-25881160

SWIFT: ICBKHKHH

##### Industrial and Commercial Bank of China (Asia) Limited

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

Email: enquiry@icbcasia.com

Tel: +852-35108888

Fax: +852-28051166

SWIFT: UBHKHKHH

##### ICBC International Holdings Limited

Address: 37/F, ICBC Tower, 3 Garden Road, Central, Hong Kong SAR, China

Email: info@icbci.com.hk

Tel: +852-26833888

Fax: +852-26833900

SWIFT: ICILHKH1

##### Industrial and Commercial Bank of China (Macau) Limited

Address: 18<sup>th</sup> Floor, ICBC Tower, Macau Landmark, 555 Avenida da Amizade, Macau SAR, China

Email: icbc@mc.icbc.com.cn

Tel: +853-28555222

Fax: +853-28338064

SWIFT: ICBKMOMX

##### Industrial and Commercial Bank of China Limited, Macau Branch

Address: Alm. Dr. Carlos d'Assumpcao, No.393-437, 9 Andar, Edf. Dynasty Plaza, Macau SAR, China

Email: icbc@mc.icbc.com.cn

Tel: +853-28555222

Fax: +853-28338064

SWIFT: ICBKMOMM

#### Asia-Pacific

##### Industrial and Commercial Bank of China Limited, Tokyo Branch

Address: 5-1 Marunouchi 1-Chome, Chiyoda-Ku Tokyo, 100-6512, Japan

Email: icbctokyo@tk.icbc.com.cn

Tel: +813-52232088

Fax: +813-52198525

SWIFT: ICBKJPJT

##### Industrial and Commercial Bank of China Limited, Seoul Branch

Address: 16<sup>th</sup> Floor, Taepyeongno Bldg., #73 Sejong-daero, Jung-gu, Seoul 100-767, Korea

Email: icbcseoul@kr.icbc.com.cn

Tel: +82-237886670

Fax: +82-27553748

SWIFT: ICBKKRSE

##### Industrial and Commercial Bank of China Limited, Busan Branch

Address: 1<sup>st</sup> Floor, ABL Life Bldg., # 640 Jungang -daero, Busanjin-gu, Busan 47353, Korea

Email: busanadmin@kr.icbc.com.cn

Tel: +82-514638868

Fax: +82-514636880

SWIFT: ICBKKRSE

##### Industrial and Commercial Bank of China Limited, Mongolia Representative Office

Address: Suite 1108, 11<sup>th</sup> floor, Shangri-la Office, Shangri-la Centre, 19A Olympic Street, Sukhbaatar District-1, Ulaanbaatar, Mongolia

Email: mgdbcgw@dccsh.icbc.com.cn

Tel: +976-77108822,

+976-77106677

Fax: +976-77108866

##### Industrial and Commercial Bank of China Limited, Singapore Branch

Address: 6 Raffles Quay #12-01, Singapore 048580

Email: icbcsg@sg.icbc.com.cn

Tel: +65-65381066

Fax: +65-65381370

SWIFT: ICBKSGSG

#### PT. Bank ICBC Indonesia

Address: The City Tower 32<sup>nd</sup> Floor, Jl. M.H. Thamrin No. 81, Jakarta Pusat 10310, Indonesia

Email: cs@ina.icbc.com.cn

Tel: +62-2123556000

Fax: +62-2131996016

SWIFT: ICBKIDJA

##### Industrial and Commercial Bank of China (Malaysia) Berhad

Address: Level 10, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

Email: icbcmalaysia@my.icbc.com.cn

Tel: +603-23013399

Fax: +603-23013388

SWIFT: ICBKMYKL

##### Industrial and Commercial Bank of China Limited, Manila Branch

Address: 24F, The Curve, 32<sup>nd</sup> Street Corner, 3<sup>rd</sup> Ave, BGC, Taguig City, Manila 1634, Philippines

Email: info@ph.icbc.com.cn

Tel: +63-282803300

Fax: +63-284032023

SWIFT: ICBKPHMM

##### Industrial and Commercial Bank of China (Thai) Public Company Limited

Address: 622 Emporium Tower 11<sup>th</sup>-13<sup>th</sup> Fl., Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok, Thailand

Tel: +66-26295588

Fax: +66-26639888

SWIFT: ICBKTHBK

##### Industrial and Commercial Bank of China Limited, Hanoi Branch

Address: 3<sup>rd</sup> Floor Daeha Business Center, No.360, Kim Ma Str., Ba Dinh Dist., Hanoi, Vietnam

Email: hanoiadmin@vn.icbc.com.cn

Tel: +84-2462698888

Fax: +84-2462699800

SWIFT: ICBKVNVN



## List of Domestic and Overseas Branches and Offices

### Industrial and Commercial Bank of China Limited, Ho Chi Minh City Representative Office

Address: 12<sup>th</sup> floor Deutsches Haus building, 33 Le Duan Street, District 1, Ho Chi Minh City, Vietnam

Email: hcmadmin@vn.icbc.com.cn  
Tel: +84-28-35208991

### Industrial and Commercial Bank of China Limited, Vientiane Branch

Address: Asean Road, Home No.358, Unit12, Sibounheuang Village, Chanthabouly District, Vientiane Capital, Lao PDR

Email: icbcvte@la.icbc.com.cn  
Tel: +856-21258888  
Fax: +856-21258897  
SWIFT: ICBKLALA

### Industrial and Commercial Bank of China Limited, Phnom Penh Branch

Address: 17<sup>th</sup> Floor, Exchange Square, No. 19-20, Street 106, Phnom Penh, Cambodia

Email: icbckh@kh.icbc.com.cn  
Tel: +855-23955880  
Fax: +855-23965268  
SWIFT: ICBKKHPP

### Industrial and Commercial Bank of China Limited, Yangon Branch

Address: ICBC Center, Crystal Tower, Kyun Taw Road, Kamayut Township, Yangon, Myanmar

Tel: +95-019339258  
Fax: +95-019339278  
SWIFT: ICBKMMMY

### Industrial and Commercial Bank of China (Almaty) Joint Stock Company

Address: 150/230, Abai/Turgut Ozal Street, Almaty, Kazakhstan. 050046

Email: office@kz.icbc.com.cn  
Tel: +7-7272377085  
SWIFT: ICBKKZKX

### Industrial and Commercial Bank of China Limited, Karachi Branch

Address: 15<sup>th</sup> & 16<sup>th</sup> Floor, Ocean Tower, G-3, Block-9, Scheme # 5, Main Clifton Road, Karachi, Pakistan. P.C:75600

Email: service@pk.icbc.com.cn  
Tel: +92-2135208988  
Fax: +92-2135208930  
SWIFT: ICBKPKKA

### Industrial and Commercial Bank of China Limited, Mumbai Branch

Address: 801, 8<sup>th</sup> Floor, A Wing, One BKC, C-66, G Block, Bandra Kurla Complex, Bandra East, Mumbai-400051, India

Email: icbcmumbai@india.icbc.com.cn  
Tel: +91-2271110300  
Fax: +91-2271110353  
SWIFT: ICBKINBB

### Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch

Address: Floor 5&6, Gate Village Building 1, Dubai International Financial Center, Dubai, United Arab Emirates P.O.Box: 506856

Email: dboffice@dx.icbc.com.cn  
Tel: +971-47031111  
Fax: +971-47031199  
SWIFT: ICBKAEAD

### Industrial and Commercial Bank of China Limited, Abu Dhabi Branch

Address: Addax Tower Offices 5207, 5208 and 5209, Al Reem Island, Abu Dhabi, United Arab Emirates P.O. Box 62108

Email: dboffice@dx.icbc.com.cn  
Tel: +971-24998600  
Fax: +971-24998622  
SWIFT: ICBKAEAA

### Industrial and Commercial Bank of China Limited, Doha (QFC) Branch

Address: Level 20, Burj Doha, Al Corniche Street, West Bay, Doha, Qatar P.O. BOX: 11217

Email: icbcdoha@doh.icbc.com.cn  
Tel: +974-44072758  
Fax: +974-44072751  
SWIFT: ICBKQAQA

### Industrial and Commercial Bank of China Limited, Riyadh Branch

Address: Level 4&8, A1 Faisaliah Tower Building No:7277-King Fahad Road Al Olaya, Zip Code: 12212, Additional No.: 3333, Unit No.:95, Kingdom of Saudi Arabia

Email: service@sa.icbc.com.cn  
Tel: +966-112899800  
Fax: +966-112899879  
SWIFT: ICBKSARI

### Industrial and Commercial Bank of China Limited, Kuwait Branch

Address: Building 2A(Al-Tijaria Tower), Floor 7&8, Al-Soor Street, Al-Morqab, Block3, Kuwait City, Kuwait

Email: info@kw.icbc.com.cn  
Tel: +965-22281777  
Fax: +965-22281799  
SWIFT: ICBKKWKW

### Industrial and Commercial Bank of China Limited, Sydney Branch

Address: Level 42, Tower 1, International Towers, 100 Barangaroo Avenue, Sydney NSW 2000 Australia

Email: info@icbc.com.au  
Tel: +612-94755588  
Fax: +612-82885878  
SWIFT: ICBKAU2S

### Industrial and Commercial Bank of China (New Zealand) Limited

Address: Level 11, 188 Quay Street, Auckland 1010, New Zealand

Email: info@nz.icbc.com.cn  
Tel: +64-93747288  
Fax: +64-93747287  
SWIFT: ICBKNZ2A

## List of Domestic and Overseas Branches and Offices

### Industrial and Commercial Bank of China Limited, Auckland Branch

Address: Level 11, 188 Quay Street, Auckland 1010, New Zealand

Email: info@nz.icbc.com.cn

Tel: +64-93747288

Fax: +64-93747287

SWIFT: ICBKNZ22

### Europe

### Industrial and Commercial Bank of China Limited, Frankfurt Branch

Address: Bockenheimer Landstraße 39, 60325 Frankfurt am Main, Germany

Email: icbc@icbc-ffm.de

Tel: +49-6950604700

Fax: +49-6950604708

SWIFT: ICBKDEFF

### Industrial and Commercial Bank of China Limited, Luxembourg Branch

Address: 32, Boulevard Royal, L-2449 Luxembourg, B.P.278 L-2012 Luxembourg

Email: office@eu.icbc.com.cn

Tel: +352-2686661

Fax: +352-2686 66 6000

SWIFT: ICBKLULL

### Industrial and Commercial Bank of China (Europe) S.A.

Address: 32, Boulevard Royal, L-2449 Luxembourg, B.P.278 L-2012 Luxembourg

Email: office@eu.icbc.com.cn

Tel: +352-2686661

Fax: +352-2686 66 6000

SWIFT: ICBKLULU

### Industrial and Commercial Bank of China (Europe) S.A. Paris Branch

Address: 73 Boulevard Haussmann, 75008, Paris, France

Email: administration@fr.icbc.com.cn

Tel: +33-140065858

Fax: +33-140065899

SWIFT: ICBKFRPP

### Industrial and Commercial Bank of China (Europe) S.A. Amsterdam Branch

Address: Johannes Vermeerstraat 7-9, 1071 DK, Amsterdam, the Netherlands

Email: icbcmsterdam@nl.icbc.com.cn

Tel: +31-205706666

Fax: +31-205706603

SWIFT: ICBKNL2A

### Industrial and Commercial Bank of China (Europe) S.A. Brussels Branch

Address: 81, Avenue Louise, 1050 Brussels, Belgium

Email: info@be.icbc.com.cn

Tel: +32-2-5398888

Fax: +32-2-5398870

SWIFT: ICBKBEBB

### Industrial and Commercial Bank of China (Europe) S.A. Milan Branch

Address: Via Tommaso Grossi 2, 20121, Milano, Italy

Email: banking@it.icbc.com.cn

Tel: +39-0200668899

Fax: +39-0200668888

SWIFT: ICBKITMM

### Industrial and Commercial Bank of China (Europe) S.A. Sucursal en España

Address: Paseo de Recoletos, 12, 28001, Madrid, España

Email: gad.dpt@es.icbc.com.cn

Tel: +34-912168837

Fax: +34-912168866

SWIFT: ICBKESMM

### Industrial and Commercial Bank of China (Europe) S.A. Poland Branch

Address: Plac Trzech Krzyży 18, 00-499, Warszawa, Poland

Email: info@pl.icbc.com.cn

Tel: +48-222788066

Fax: +48-222788090

SWIFT: ICBKPLPW

### Industrial and Commercial Bank of China (Europe) S.A. Greece Representative Office

Address: Amerikis 13, Athens 106 72 Greece

Email: GAD@gr.icbc.com.cn

Tel: +30-2166868888

Fax: +30-2166868889

### ICBC (London) PLC

Address: 81 King William Street, London EC4N 7BG, UK

Email: admin@icbclondon.com

Tel: +44-2073978888

Fax: +44-2073978899

SWIFT: ICBKGB2L

### Industrial and Commercial Bank of China Limited, London Branch

Address: 81 King William Street, London EC4N 7BG, UK

Email: admin@icbclondon.com

Tel: +44-2073978888

Fax: +44-2073978899

SWIFT: ICBKGB3L

### ICBC Standard Bank PLC

Address: 20 Gresham Street, London, United Kingdom, EC2V 7JE

Email: londonmarketing@icbcstandard.com

Tel: +44-2031455000

Fax: +44-2031895000

SWIFT: SBLGB2L

### Bank ICBC (joint stock company)

Address: Building 29, Serebryanicheskaya embankment, Moscow, Russia Federation 109028

Email: info@ms.icbc.com.cn

Tel: +7-4952873099

Fax: +7-4952873098

SWIFT: ICBKRUMM

### ICBC Turkey Bank Anonim Şirketi

Address: Maslak Mah. Dereboyu, 2 Caddesi No:13 34398 Sarıyer, İSTANBUL

Email: gongwen@tr.icbc.com.cn

Tel: +90-2123355011

SWIFT: ICBKTRIS

## List of Domestic and Overseas Branches and Offices

### Industrial and Commercial Bank of China Limited, Prague Branch, odštěpný závod

Address: 12F City Empiria, Na Strži  
1702/65, 14000 Prague 4  
– Nusle, Czech Republic

Email: info@cz.icbc.com.cn

Tel: +420-237762888

Fax: +420-237762899

SWIFT: ICBK CZPP

### Industrial and Commercial Bank of China Limited, Beijing, Zurich Branch

Address: Nüscherstrasse 1,  
CH-8001, Zurich,  
Switzerland

Email: service@ch.icbc.com.cn

Tel: +41-58-9095588

Fax: +41-58-9095577

SWIFT: ICBK CHZZ

### ICBC Austria Bank GmbH

Address: Kolingasse 4, 1090  
Vienna, Austria

Email: generaldept@at.icbc.com.cn

Tel: +43-1-9395588

Fax: +43-1-9395588-6800

SWIFT: ICBK ATWW

## Americas

### Industrial and Commercial Bank of China Limited, New York Branch

Address: 725 Fifth Avenue, 20<sup>th</sup>  
Floor, New York, NY  
10022, USA

Email: info-nyb@us.icbc.com.cn

Tel: +1-2128387799

Fax: +1-2125752517

SWIFT: ICBK US33

### Industrial and Commercial Bank of China (USA) NA

Address: 1185 Avenue of the  
Americas, 16<sup>th</sup> Floor, New  
York, NY 10036

Email: info@us.icbc.com.cn

Tel: +1-2122388208

Fax: +1-2122193211

SWIFT: ICBK US3N

### Industrial and Commercial Bank of China Financial Services LLC

Address: 1633 Broadway, 28<sup>th</sup>  
Floor, New York, NY,  
10019, USA

Email: info@icbkfs.com

Tel: +1-2129937300

Fax: +1-2129937349

SWIFT: ICBK US3F

### Industrial and Commercial Bank of China (Canada)

Address: Unit 3710, Bay Adelaide  
Centre, 333 Bay Street,  
Toronto, Ontario, M5H  
2R2, Canada

Email: info@icbk.ca

Tel: +1-4163665588

Fax: +1-4166072000

SWIFT: ICBK CAT2

### Industrial and Commercial Bank of China Mexico S.A.

Address: Paseo de la Reforma  
250, Piso 18, Col.  
Juarez, C.P.06600, Del.  
Cuauhtemoc, Ciudad de  
Mexico

Email: info@icbc.com.mx

Tel: +52-5541253388

SWIFT: ICBK MXMM

### Industrial and Commercial Bank of China (Brasil) S.A.

Address: Av. Brigadeiro Faria  
Lima, 3477-Block B-6  
andar-SAO PAULO/  
SP-Brasil

Email: bxgw@br.icbc.com.cn

Tel: +55-1123956600

SWIFT: ICBK BRSP

### ICBC PERU BANK

Address: Calle Las Orquideas 585,  
Oficina 501, San Isidro,  
Lima, Peru

Email: consultas@pe.icbc.com.cn

Tel: +51-16316800

Fax: +51-16316802

SWIFT: ICBK PEPL

### Industrial and Commercial Bank of China (Argentina) S.A.U.

Address: Blvd. Cecilia Grierson  
355, (C1107 CPG) Buenos  
Aires, Argentina

Email: gongwen@ar.icbc.com.cn

Tel: +54-1148203784

Fax: +54-1148201901

SWIFT: ICBK ARBA

### ICBC Investments Argentina S.A.U. Sociedad Gerente de Fondos Comunes de Inversión

Address: Blvd.Cecilia Grierson 355,  
Piso 14, (C1107CPG)  
CABA, Argentina

Email: alpha.sales@icbc.com.ar

Tel: +54-1143949432

### Inversora Diagonal S.A.U.

Address: Florida 99, (C1105CPG)  
CABA, Argentina

Tel: +54-1148202200

### Industrial and Commercial Bank of China Limited, Panama Branch

Address: MMG Tower | 20<sup>th</sup> Floor  
| Ave. Paseo del Mar |  
Costa del Este

Panama City, Republic of Panama

Email: panama.branch@pa.icbc.com.cn

Tel: +507-3205901

SWIFT: ICBK PAPA

## Africa

### Industrial and Commercial Bank of China Limited, African Representative Office

Address 1: 47 Price Drive,  
Constantia, Cape Town,  
South Africa, 7806

Address 2: T11, 2<sup>nd</sup> Floor East, 30  
Baker Street, Rosebank,  
Johannesburg,  
Gauteng, South Africa,  
2196

Email: icbcafrica@afr.icbc.com.cn

Tel: +27-608845323



中國北京市西城區復興門內大街55號 郵編：100140  
55 Fuxingmennei Avenue, Xicheng District, Beijing, China Post Code: 100140  
[www.icbc.com.cn](http://www.icbc.com.cn), [www.icbc-ltd.com](http://www.icbc-ltd.com)