

 广发银行 | CGB

中国人寿集团成员单位



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ANNUAL REPORT 2023

銀廣  
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# Discover the Splendidness and Create the Future



## Cover Story: Lingnan Series

“Guangdong Paper Cutting”, one of national intangible cultural heritage, is widely spread in the Lingnan region, and is mainly composed of Foshan Paper Cutting, Chaoyang Paper Cutting, and Chaozhou Paper Cutting. The cover of the Annual Report takes the form of Guangdong Paper Cutting with Lingnan characteristics. On the background of red Xuan paper winding upward, the design progressively displays urban landmarks in the Guangdong-Hong Kong-Macao Greater Bay Area, such as Canton Tower and the Hong Kong-Zhuhai-Macao Bridge. These are layered alongside Lingnan features such as Five Goats with Grains, Chengyi Pavilion of Qinghui Garden, and kapok blossom. This composition implies that China Guangfa Bank fully implements the decision and deployments of the CPC Central Committee, proactively integrates itself to the overall national development, leverages its advantage of being rooted in the Greater Bay Area to fully support “five priorities” including the development of technology finance, green finance, inclusive finance, pension finance, and digital finance, and is determined to overcome difficulties and forge ahead to contribute to the great cause of building a strong country and rejuvenating the Chinese nation through high-quality development of finance.



## **Vision**

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To build a first-class commercial bank among peers, with full functionality, diversified businesses and salient features

## **Mission**

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Serving customers    Rewarding shareholders  
Fulfilling the value of employees    Making contributions to society

## **Core Values**

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Faithfulness    Responsibility    Innovation    Conscientiousness



## Introduction of the Bank

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Established in 1988, China Guangfa Bank is one of the earliest incorporated joint-stock commercial banks in China. The Bank upholds the core values of “faithfulness, responsibility, innovation and conscientiousness”, bears in mind the mission of “serving customers, rewarding shareholders, fulfilling the value of employees and making contributions to society”, practices the service concept of “Accompany with you, serve wholeheartedly for you” and strives towards its strategic vision of being “one of the first-class commercial banks in China”.

As of the end of 2023, the Bank’s network has expanded to include 970 business offices in 116 cities at and above the prefecture level in 27 provinces (autonomous regions and municipalities) including Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan, Chongqing, Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang and the Hong Kong and Macau Special Administrative Regions, as well as a wholly-owned subsidiary. The Bank has established correspondent SWIFT authentication partnerships with over 1,000 banking institutions in nearly 100 countries and regions. The Bank’s high quality, efficient and comprehensive financial services have covered nearly 440,000 corporate customers, more than 65.00 million debit card customers and 118 million credit card customers.





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## Important Notice

- The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Executives of the Bank confirm that the contents in this annual report are true, accurate and complete and have no false representations, misleading statements or material omissions, and they severally and jointly undertake legal responsibility for such contents.
- The Annual Report 2023 of China Guangfa Bank Co., Ltd. was reviewed and approved by the eighth meeting of the tenth session of the Board of Directors of the Bank with written review opinions.
- The Annual Report 2023 of China Guangfa Bank Co., Ltd. was reviewed and approved by the eighth meeting of the ninth session of the Board of Supervisors of the Bank with written review opinions.
- Ernst & Young Hua Ming LLP (Special General Partnership) audited the Bank's 2023 financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles, and issued a standard auditor's report with unqualified opinions. Meanwhile, Ernst & Young Hua Ming LLP (Special General Partnership) audited the Bank's 2023 financial statements prepared with reference to relevant requirements of the International Financial Reporting Standards (IFRSs), and issued a standard auditor report with unqualified opinions.
- The Bank (as a legal person) made an after-tax profit of RMB15.799 billion in the audited 2023 financial statements. After the deduction of the dividends of RMB2.025 billion on unfixed term capital bonds issued in 2023, the after-tax profit distributable for ordinary shareholders for the year was RMB13.774 billion. The Bank planned to withdraw a statutory surplus reserve of RMB1.580 billion at 10% of after-tax profit; according to the regulations outlined in the Ministry of Finance's Management Measures for Provision of Financial Enterprises (Caijin [2012] No. 20), the general risk provision balance should generally not be less than 1.5% of the closing balance of risk assets. As of the end of 2023, the Bank's required balance for general risk provision was lower than the balance at the beginning of the year. Therefore, there was no need to withdraw general risk provision in 2023. As of the dividend benchmark date, a cash dividend of RMB0.804 (tax inclusive) per every 10 shares will be paid to all shareholders of record, amounting to RMB1.752 billion. The above profit distribution plan is subject to the review and approval at 2023 annual general meeting of the Bank.
- This report is prepared in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail.
- Forward-looking statements relating to the Bank's future financial position, operating performance, business development and business plan in this report do not constitute any substantive commitments. The Bank's actual operating performance and development may differ from forward-looking statements due to various factors and uncertainties.
- The risks faced by the Bank in the course of business mainly include credit risk, market risk, bank account interest rate risk, liquidity risk, operational risk, country risk, reputation risk, strategic risk, compliance risk and information technology risk. The Bank has taken various measures to effectively manage and control various business risks. For details, please refer to the disclosure in "Management Discussion and Analysis".

Wang Kai, Legal Representative, Li Xiaoshui, Vice President in charge of finance and Sun Guangming, Head of Finance and Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in the Bank's Annual Report 2023.

## Definitions

In this report, unless the context otherwise requires, the following terms have the meaning set forth below:

The Bank/the Group	refers to	China Guangfa Bank Co., Ltd., or China Guangfa Bank Co., Ltd. and its subsidiaries
Articles of Association	refers to	Articles of Association of China Guangfa Bank Co., Ltd.
China Life Group	refers to	China Life Insurance (Group) Company
PBOC	refers to	The People's Bank of China
CSRC	refers to	China Securities Regulatory Commission
Former CBIRC	refers to	Former China Banking and Insurance Regulatory Commission
CGB Wealth Management	refers to	CGB Wealth Management Co., Ltd.
RMB	refers to	Renminbi



## Chairman's Statement





The year 2023 marked the beginning of fully implementing the spirit of the 20th CPC National Congress and also the 35th anniversary of the establishment of China Guangfa Bank. Encountering complex situations with increasingly difficulties and challenges, the Bank adhered to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. We resolutely implemented the decisions and deployments of the CPC Central Committee, and delved deeply into the spirit of the Central Financial Work Conference to vigorously uphold the political and people-oriented nature of financial work. We overcame difficulties and forged ahead with determination. Our focus remained on cultivating the distinctive characteristics of being rooted in the Greater Bay Area, emphasizing retail and offering comprehensive finance services. Steady progresses had been achieved in high-quality development, and our comprehensive strengths were continuously enhanced. As of the end of 2023, our total assets exceeded RMB3.5 trillion, operating income reached nearly RMB70 billion, and net profit exceeded RMB16 billion. The Bank has been selected as a systematically important bank for three consecutive years. In addition, the ranking of Global Top 1000 banks by The Banker ascended to the 59th place, marking a historic pinnacle. Notably, our brand value and market influence further improved.

**We remained committed to and reinforced the Party's leadership, recognizing the increasingly influential role that Party building plays as a guiding force.**

Keeping in mind that CPC's leadership in SOEs is a major political principle and reform must be made to establish a modern enterprise system within SOEs, we integrated the Party's full leadership into all aspects of corporate governance and continuously enhanced the mechanism for implementing the decisions and deployments of the CPC Central Committee. Through solid efforts, we conducted thematic education, theoretical study, investigation and research, development promotion, and inspections and rectifications in a coordinated manner, and achieved significant progress in addressing capital constraints and expanding customer bases in the Greater Bay Area. We deepened our comprehensive and rigorous Party governance, intensified efforts to combat financial corruption and fortified the cultivation of a transparent financial culture. In particular, we conducted inspections and rectifications according to the CPC Central Committee's requirements and pursued casebased improvement, thus the strict atmosphere had been comprehensively strengthened.

**We continued to uphold a strong sense of political responsibility, actively serving the overall interest.**

Our efforts were centred on addressing the needs of the nation and the people, directing financial resources towards major national strategies, key areas, and weaknesses. Over 80% of the increase in loans was allocated to regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt, and the Yangtze River Delta. The outstanding balances of medium- and long-term loans to the manufacturing industry and green credit both surpassed RMB100 billion, marking a year-on-year increase of 48% and 65%, respectively. The interest rate on loans to inclusive small and micro enterprises decreased by 70 bp, benefiting over 100,000 small and micro enterprises. Outstanding agricultural loan balances grew by 16%, with funds exceeding RMB100 billion allocated to support Guangdong Province's "Hundred-Thousand-Ten Thousand Project". We have crafted a compelling chapter illustrating how finance bolsters rural revitalization.

**We consistently prioritized development, achieving significant improvements in business quality and efficiency.**

Recognizing that high-quality development is the indisputable reality of the new era, we continually promoted qualitative and effective improvements in our business while maintaining reasonable quantitative growth. Our retail customer base surpassed 70 million, with credit card consumption exceeding RMB2 trillion and online transaction volumes rising by 14% year-on-year. The outstanding balance of general corporate loans exceeded RMB1 trillion, up over RMB100 billion since the beginning of the year. We actively explored new markets, obtained 128 institutional business qualifications such as the central treasury and national electronic social security cards, and continued to deepen our business cooperation with company headquarters and core enterprises in the Greater Bay Area. The scale of external sales of CGB Wealth Management surpassed RMB10 billion.

**We persisted in deepening reform and innovation, maintaining growing development momentum.**

We vigorously promoted the pioneering spirit of "daring to be the first", steadily advancing pilot work in reform and innovation. By actively leveraging our comprehensive financial advantages, we deepened internal resource integration, continuously refined the mechanism of corporate-retail collaboration, and introduced distinctive products such as "Guangfa Salary". The effects of "asset-light and capital-light" transformation were evident, with net fee and commission income reaching nearly RMB12 billion and the underwriting amount of debt financing instruments exceeding RMB100 billion. We accelerated digital transformation, implementing key projects such as the "Smart Brain" of retail banking and Mobile Banking 9.0 and migrating core systems to distributed architecture ahead of peers in the industry.

**We persisted in coordinating development and security, adopting robust and effective risk prevention and control measures.**

We made the prevention and resolution of major risks the perennial theme of our financial work. We consistently enhanced our comprehensive risk management capabilities in line with the imperatives of early identification, timely warning, prompt exposure, and timely disposal. We actively addressed existing risks, firmly mitigated additional risks, and intensified efforts to deal with non-performing loans (NPLs). As a result, our major risk indicators have shown continual improvement, with decreases in both NPL balances and ratios, and stable provision coverage. Our core tier-one capital adequacy ratio had reached its highest level in the past five years. We also enhanced internal control and compliance construction, conducted extensive promotion and education on compliance culture, and continuously refined accountability system for violations. This has fostered a stronger internal drive for compliance operations.

Currently, the world is undergoing rapid changes, while China's development still faces both opportunities and challenges. Overall, favourable conditions outweigh adverse factors, and there are still many factors supporting the stable and healthy development of the Chinese economy. The basic trend of economic recovery and long-term improvement has not changed. The Central Financial Work Conference has outlined the grand blueprint for building a financially robust country, clarified the basic principles of China's financial development with Chinese characteristics, and deployed major tasks for high-quality financial development. We firmly believe that China's financial development will embrace new strategic opportunities, and the development of the banking industry has vast space and tremendous potential.

Despite the fierce winds and choppy waves, we will set sail anew and navigate with calm determination. The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and is also a crucial year for achieving the goals and tasks of the 14th Five-Year Plan. The Bank will fully implement Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and remain focused on serving the greatest political task of advancing China's modernization. With the earnest implementation of the spirit of the Central Financial Work Conference and the Central Economic Work Conference as our new starting point, we remain committed to the path of financial development with Chinese characteristic. We will firmly shoulder the responsibility of a systemically important bank, striving to be the vanguard in serving the real economy and acting as ballast for financial stability. Actively undertaking the "Five Priorities of Finance", we will safeguard the essence of financial culture with Chinese characteristics. Through practical actions and results of high-quality development, we aim to create greater value for shareholders, share the fruits of development with society, make new and greater contributions to China's modernization and carry forward the great cause of building a strong country and rejuvenating the Chinese nation on all fronts!

## President's Statement



In 2023, CGB thoroughly implemented the spirit of the 20th CPC National Congress and the Central Financial Work Conference, steadfastly focused on high-quality development as the primary task. The Bank strived to improve quality while stabilizing efficiency, lay the foundation while pursuing long-term interests, prevent risks while holding the bottom line. Meanwhile, the Bank promoted the operational management to pursue progress while ensuring stability, improve quality through progress, and achieved high-quality development with solid performances. As of the end of 2023, the Bank's total assets exceeded RMB3.5 trillion, and the outstanding balance of general corporate loans surpassed RMB1 trillion, operating income reached RMB69.68 billion and net profit exceeded RMB16.02 billion. Furthermore, the outstanding balance and the rate of non-performing loans both declined, with the core tier-one capital adequacy ratio reaching a five-year high at 9.11%.

As we reflect on the past year, these achievements were not easily attained. They underscored our profound understanding of the essence and development trajectory of financial work, reflecting our ongoing exploration of the path of financial development with Chinese characteristics. These accomplishments were attained by the collaborative efforts and strides of the Bank's 40,000 employees.

**With the mission of contributing to the nation through finance in mind, we made new achievements in serving the real economy.** We continued to strengthen targeted support for major strategies, key areas, and weaknesses. Notably, the outstanding balances of medium- and long-term loans to the manufacturing industry, loans to strategic emerging industries, and loans to green industries all exceeded RMB100 billion, up 48%, 51%, and 65%, respectively compared to the beginning of the year. Moreover, there was a significant rise in the proportion of loans directed towards key areas, such as the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei region, and Yangtze River Delta, within our lending system. During the year, the Bank facilitated the underwriting of local government bonds totalling RMB135.4 billion. The outstanding balance of loans to inclusive small and micro enterprises increased by 12.18% compared to the beginning of the year, while the average interest rate on new loans decreased by 70 bp. In addition, credit card consumption exceeded RMB2 trillion during the year, and the number of individual pension accounts opened reached 1.3 million. The Guangfa Hope Charity Fund raised over RMB110 million. These achievements underscore our united efforts in boosting market and improving livelihoods.

**Strengthening the coordinated management of assets and liabilities, we achieved new progress in enhancing quality and efficiency.** Slowing earnings growth was a major challenge faced by the entire banking sector. The Bank changed according to the situation, strived to strengthen the inherent capabilities, enhance assets while optimizing liabilities, so as to accomplish a more harmonized balance between the assets and liabilities. In terms of assets, the Bank strived to further improve fund utilization efficiency,

with the proportion of effective credit loans of the Bank's total loans rising 3.5 percentage points. In terms of liabilities, the Bank focused on reducing funding costs and optimizing deposit structure, so that the interest payment rate of domestic RMB deposits significantly decreased by 16 bp, and the proportion of core corporate deposits increased by 2.8 percentage points. As a result, the Bank's asset-liability business foundation was continuously solidified, and the momentum of progress continued to strengthen.

**By deepening resource integration and synergy, we took new strides in refining our management.** Aligned with the new requirements for high-quality development, we intensified our efforts on optimizing resource allocation by exploiting internal potential, thereby unleashing growth momentum through innovation. In the realm of comprehensive finance, we accelerated business expansion and enhanced efficiency, with collaborative channels contributing to a 32% year-on-year increase in premium income. The custody scale with insurance-banking cooperation surpassed RMB1 trillion, the transaction amount with investment-banking collaboration exceeded RMB100 billion, ensuring full coverage of services for central enterprise insurance companies. Internal collaboration continued to strengthen, facilitating the coordinated sharing of products, services, and customer rights and interests, with "dual-card (credit and debit cards)" holders accounting for over 30% of total customers. Empowered by financial technology both internally and externally, we rolled out key projects such as the "Smart Brain" retail banking and Mobile Banking 9.0, launched and transitioned to the distributed banking core system and credit card core system, significantly improving customer service experience.

**Enhancing risk prevention and control measures, we witnessed a new improvement in asset quality.** Confronted with profound changes in the external environment, we consistently prioritized risk prevention and control, and worked to resolve existing risks and control new ones, thus creating favourable conditions for stabilizing operating efficiency. We enhanced risk prevention measures in key areas, and established a monitor mechanism for addressing large overdue interest-bearing loans, witnessing a 10.8% year-on-year decrease in new non-performing loans. We also improved our comprehensive risk management capabilities, built a cross-functional risk information database, launched "Guangfa Information Exchange for Enterprises", and pushed forward with the construction of an intelligent risk prevention and control system, thereby enhancing the foresight and effectiveness of our risk management practices. In addition, we held the "Year of Compliance Performance Enhancement" activity, and established a duty performance network across the Bank. We also reinforced governance at the grassroots level, and promoted the concept of "compliance creates value" among our employees and encouraged them to incorporate it into actions.

**With a reinforced emphasis on the comprehensive leadership of the Party, we achieved new high-quality development driven by Party building.** Adhering to the principles of "insisting on CPC leadership in SOEs and insisting on reforming SOEs towards the modern enterprise system", we facilitated the seamless integration of Party leadership with corporate governance, focusing on converting our Party-building strengths into governance effectiveness. We conducted thematic education activities, with theoretical study, investigation and research, development promotion, as well as inspections and rectifications carried out throughout the activities, allowing us to unify our thinking and gain momentum for progress through indepth

study, meticulous comprehension, and steadfast action. We steadfastly embraced the responsibility of Party governance, deepened comprehensive and rigorous Party governance, strengthened Party conduct and integrity building, intensified efforts to combat corruption and fostered a clean and upright political environment. Additionally, we advanced the standardized and normalized construction of Party organizations, significantly enhancing the role of grassroots Party organizations as "fighting fortresses".

**The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and a crucial year for achieving the goals of the "14th Five-Year Plan". CGB will earnestly implement the spirit of the Central Financial Work Conference, and uphold the principles of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old. With a focus on ensuring stability in quality, efficiency, scale, and customer base, we will strive to make more significant strides in Party leadership, serving the overall interest, distinctive operations, and reform and transformation.**

**We will focus on upholding and strengthening the comprehensive leadership of the Party,** ensuring that Party leadership permeates every aspect of Bank's operations, fostering the deep integration of Party building with businesses, and effectively leveraging the role of the Party Committee in setting direction, maintaining a holistic perspective, and ensuring implementation. **We will serve the overall economic and social development,** deeply practice the political and people-oriented nature of financial work, enhance our support for major strategies, key areas, and weaknesses, and prioritize the development of technology finance, green finance, inclusive finance, pension finance, and digital finance, so as to provide strong support for the development of the real economy. **We will enhance our differentiated competitiveness,** leverage comprehensive financial strengths and distinctive advantages, execute the strategy of "being rooted in the Greater Bay Area" and become a "specialized bank serving the insurance industry" and a "leading bank serving the construction of the Guangdong-Hong Kong-Macao Greater Bay Area". **Furthermore, we will deepen reform and transformation,** accelerate transition towards more refined and intensive management, and continuously address institutional problems hindering development to further unleash innovation vitality and enhance development momentum.

Those who make strenuous efforts often succeed, and those who persevere often achieve their goals. In the new journey, we will continue to uphold the pioneering spirit and maintain resilience and perseverance, strive to overcome obstacles to achieve our goals, and unwaveringly follow the path of financial development with Chinese characteristics, and make contribution to the great cause of building a strong country and rejuvenating the Chinese nation!

## Ten Milestones in Operation and Management

I

### Conduct thematic education with solid efforts to forge our soul with Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era.

We earnestly implemented the overall requirements and objectives of thematic education, integrating theoretical learning, investigation and research, development promotion, and inspections and rectifications throughout the process. Party organizations at all levels across the Bank organized 2,030 reading sessions, conducted 470 pivotal thematic discussions, delivered 920 specialized Party lectures, and produced 444 research reports. Substantial achievements were made through targeted efforts to promote rectification and improvement.

III

### Achieve a balanced growth in quality, scale, and efficiency, leading to a brighter outlook for high-quality development.

Our total assets exceeded the threshold of RMB3.5 trillion. Asset-liability management achieved effective results, evidenced by a higher proportion of effective loans within the Bank's total loans. We obtained 128 new qualifications for institutional businesses, such as central treasury centralized payment agency. Notably, we witnessed a decrease in both NPL balances and ratios. Our core tier-one capital adequacy ratio has risen by 0.3 percentage points, reaching its highest level in the past five years. The Bank has further consolidated its development foundation and strengthened its development momentum.

II

### Unwaveringly implement the decisions and deployments of the CPC Central Committee, yielding new results in serving the real economy.

Focusing on our main responsibilities and core businesses, we continued to deepen the structural reform of the financial supply side. The outstanding balance of general corporate loans exceeded RMB1 trillion. Medium- and long-term loans to the manufacturing industry, loans to strategic emerging industries, and loans to green industries increased by 48%, 51%, and 65%, respectively. The average interest rate for new loans to inclusive small and micro enterprises decreased by 70 BP, thus lowering financing costs for smaller enterprises. We actively served the coordinated development of regions, with the increment of general corporate loans in the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt, and the Yangtze River Delta accounting for 88.7% of the Bank's total increment. We helped promote market recovery and improve people's livelihood. Throughout the year, we issued consumer loans totalling over RMB100 billion, with credit card consumption exceeding RMB2 trillion. We also carried out adjustments to the interest rates of existing mortgages for first-home buyers, benefiting nearly 270,000 mortgage customers.

IV

### Deepen and consolidate our strategy of "Being Rooted in the Greater Bay Area", fully demonstrating our role as the main force in serving the Guangdong-Hong Kong-Macao Greater Bay Area.

Leveraging the advantages of our headquarters location, we have prioritized bolstering our competitiveness in the Greater Bay Area as a key focal point to propel the Bank's overall high-quality development. In 2023, the outstanding balances of various loans in Guangdong Province exceeded RMB1 trillion. We signed strategic cooperation agreements with the governments of Guangzhou and Dongguan, underwrote local government bonds in Guangdong amounting to RMB28.76 billion, and provided full-process advisory services for over 500 special bond projects across 15 cities, including Zhuhai, Foshan, and Heyuan. We also obtained 46 new government business qualifications, such as authorization for treasury payment in Shenzhen, Maoming, and Shantou.

V

### Focus on technological self-reliance and advancement, successfully launching a distributed core system and bringing digital finance to unprecedented heights.

We launched and transitioned to the distributed banking core system and credit card core system, enhancing technological support for product and service innovation and refined management. We rolled out key projects such as the "Smart Brain" of retail banking, Mobile Banking 9.0, and the new generation of corporate CRM. We also innovatively introduced intelligent tools such as the "Virtual Digital Human" and developed five series of digital products catering to enterprises, labour unions, judiciary, education, and people's livelihoods.



## VI

**Fully capitalize on the comprehensive financial advantages offered by China Life Group, making new breakthroughs in insurance-banking cooperation.**

Effectively leveraging the support policies of China Life Group, we spearheaded the implementation of reform and innovation pilot schemes in the Guangdong-Hong Kong-Macao Greater Bay Area. Furthermore, we continued to deepen resource integration and synergy, sharing the rights and benefits of star customer service. This led to a 32% year-on-year growth in premium income through coordinated channels across the Bank. Our outstanding custody balance surpassed RMB1 trillion, and our joint investments with the China Life Group's investment arm exceeded RMB100 billion. The Hong Kong branch successfully launched the Fast Payment System (FPS) real-time function, assisting China Life (Overseas) to achieve real-time interbank premium collection.

## IX

**Fulfil the mission of a financial headquarters enterprise, being commented for our support of Guangdong's "Hundred-Thousand-Ten Thousand Project".**

We formulated the Action Plan of CGB Financial Services to Guangdong Province for High-Quality Development Project for One Hundred Counties, One Thousand Towns, Ten Thousand Villages, and jointly held the first training session on leveraging inclusive finance to serve the above project with the command centre of Guangdong's "Hundred-Thousand-Ten Thousand Project". We have provided loans totalling over RMB100 billion for the "Hundred-Thousand-Ten Thousand Project". We signed a cooperation agreement with the Department of Agriculture and Rural Affairs of Guangdong Province on rural revitalization financing risk compensation funds, and the outstanding balance of agricultural loans in Guangdong increased by 12.5%. In recognition of our contributions, we won the "Outstanding Contribution Award for Financial Support to 'Hundred-Thousand-Ten Thousand Project'" and was highlighted as an exemplary case in Guangdong Province.

## VII

**Fully participate in the development of the "three pillars" of pensions, achieving diversified growth in pension finance.**

We achieved positive results in social security financial services, becoming one of the cooperation banks of the Ministry of Human Resources and Social Security for "innovative application service for social security cards". We obtained the qualification for national issuance of electronic social security cards. Our social security card customers exceeded 6.15 million, covering 13 provinces (autonomous regions and municipalities), including Guangdong, Zhejiang, and Heilongjiang. We continued to strengthen the brand image of "China Life for Pension, CGB for Account Opening", continually enriching our offerings in pension savings, wealth management, funds, insurance, and other products. Notably, the number of individual pension accounts opened exceeded 1.3 million.

## X

**Steadfastly uphold political responsibility for Party governance, ensuring thorough advancing of comprehensive and strict governance within the Party.**

We reinforced the chain of responsibilities for comprehensive and strict governance within the Party, diligently and realistically rectifying issues, enhancing political oversight, ramping up efforts to bolster the integrity of Party conduct and fight against corruption, and fostering a clean and transparent financial culture. We also fortified grassroots foundations, establishing 15 "four strong" Party branches within China Life and 100 "four strong" Party branches within CGB. Furthermore, we promoted exemplary cases of integrating Party building with business, set up 3,708 model posts and responsibility areas for "red flag" Party members, along with 2,145 task forces and service teams. We have comprehensively enhanced the standardized construction of grassroots Party organizations.

## VIII

**The Guangfa Hope Charity Fund celebrates its 15th anniversary, caring for the healthy development of young people.**

Since its establishment, the Guangfa Hope Charity Fund has raised over RMB110 million, covering 26 provinces nationwide, and implemented more than 30 types of public welfare projects, benefiting over 350,000 teachers and students. In 2023, we donated RMB1 million to support industrial development and enhance rural school facilities in Huichang, Jiangxi Province; organized the "Mountain and Sea - Love" online charity music party, attracting nearly 500,000 participants; invested RMB3 million to initiate the "Rural Youth Psychological Health Assistance Program" in collaboration with the Guangdong Provincial Youth League Committee's 12355 platform; and conducted CGB charity events in Gaozhou, Maoming, and Tai Shan, Jiangmen.

# Operation and Management Themes



## Party building

Adhering to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank comprehensively implemented the spirit of the 20th CPC National Congress, the Central Financial Work Conference and the Central Economic Work Conference. We deeply implemented the general requirements for Party building in the new era, and resolutely shouldered the political responsibility of Party governance. We conducted indepth thematic education and solidly promoted full and strict Party governance. We continuously strengthened the construction of grassroots Party organizations, further consolidated ideological foundations, grassroots bases and development momentum, unswervingly followed the path of financial development with Chinese characteristics.



### Conduct thematic education to forge the Party's soul

Since conducting thematic education, the Bank has thoroughly implemented the decisions and deployments of the CPC Central Committee. Closely focusing on the overall requirements of "Learning Ideology, Strengthening Party Spirit, Putting into Practice, and Making New Achievements", we solidly promoted the education among all Party members at the Bank in two batches. We earnestly implemented the general requirements and objectives, integrating theoretical learning, investigation and research, development promotion, inspections and rectifications, and systems establishing throughout the process, which helped us unify ideological understanding and draw strength from deep learning and diligent practice. Party organizations at all levels of the Bank established reading sessions, and conducted discussions on key topics such as the "Thousand-Ten Thousand Project" and "Four 'Going-downs' to the Grassroots Level" (namely promoting the Party's line, principles, and policies at the grassroots level; conducting investigations and research at the grassroots level; handling petitions and reception work at the grassroots level; and conducting onsite office work at the grassroots level). In addition, thematic Party courses were taught with a focus on "Three Abilities" to foster a deeper understanding among cadres and employees of the critical significance of the "Two Establishments". We achieved positive results in thematic education by forging our soul through learning, enhancing wisdom through learning, rectifying work styles through learning, and promoting work through learning. These efforts were recognized by the 41st CPC Central Steering Group, the 19th Touring Steering Group, and the Second Touring Supervision Group of China Life Group. Our research report on the construction of customer base in the Greater Bay Area, thematic Party courses on high-quality development, and grassroots burden reduction cases won multiple awards in the judging contest activities organized by the State Organs Work Committee of the CPC, and several other research reports were also commended in the judging contest of outstanding research achievements in the national financial system.



### Persistently strengthen political leadership

We have always adhered to and strengthened the overall leadership of the Party by clearly focusing on politics. Our efforts included strictly implementing the mechanism of the "First Topic" of the Party Committee, promptly following up on studying the spirit of General Secretary Xi Jinping's important speeches and instructions, as well as the spirit of relevant meetings of the CPC Central Committee. The members of the Company's Party Committee persisted in taking the lead in reading and studying. They promptly conveyed the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and deeply studied and implemented the spirit of the 20th CPC National Congress and the second plenary session of the 20th Central Commission for Discipline Inspection, as well as the important expositions of General Secretary Xi Jinping on thematic education, full and strict governance over the Party, and preventing and resolving financial risks. We continuously consolidated and deepened the achievements of the inspection and rectification work of the CPC Central Committee, drew inferences from one instance to another to promote the rectification of common problems in financial enterprises identified in the first round of inspection "look-backs" of the 20th CPC Central Committee. We have always held the "the country's most fundamental interests" in mind and unswervingly implemented the decisions and deployments of the CPC Central Committee. We deepened the "being rooted in the Greater Bay Area" strategy, fully demonstrated our role as a main force in serving the Guangdong-Hong Kong-Macao Greater Bay Area and our responsibility to vigorously support regional coordinated development.





**Intensify the responsibility of Party governance with strict discipline**

We rigorously implemented the list of main responsibilities for full and strict Party governance, studied, formulated and vigorously promoted annual key tasks for achieving full and strict Party governance. We organized the Party Committees at all levels of the Bank to hold thematic meetings on full and strict Party governance every six months to examine and analyze problems, and propose improvement ideas. Quarterly meetings of the leading group on Party building work were held to research and deploy Party building efforts. We continuously strengthened supervision over the "top leader" and leadership team, and made institutional arrangements for political ecology analysis and political portraits. We further improved the joint supervision mechanism and comprehensively inspected key areas. We played the role of inspection as a "sharp sword", and formulated and implemented a new five-year plan for inspection work. We vigorously promoted the construction of a clean and honest financial culture, formulated and issued the Implementation Opinions, Work Plan and Work List of CGB for Implementing China Life's Clean and Honest Financial Culture Construction, carried out disciplinary education and learning month and clean and honest financial culture construction month activities, established a mechanism for clean and honest culture construction through collaboration between banks and enterprises, and guided cadres and employees to adhere to the source of goodness and firmly guard the bottom line.



**Strengthen the foundation and build a strong fortress**

We promoted the standardized and normalized construction of Party organizations, established 15 "four strong" Party branches within China Life, 100 "four strong" Party branches within CGB, and promoted excellent cases of integrating Party building with business. We set up 3,708 exemplary posts and responsibility areas for "red flag" Party members, along with 2,145 task forces and service teams. 866 new Party members were recruited, and the number of full-time Party workers increased by 26%. With such efforts, we continuously enhanced the quality and effectiveness of grassroots Party building work.





# Operation and Management Themes



## Rooted in the Greater Bay Area

The Bank further promoted the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, making it a top priority to support the construction efforts in Guangdong and the Greater Bay Area. Since signing the strategic cooperation agreement with the Guangdong Provincial Government, the Bank has embarked on a new phase of development, actively contributing to the high-quality growth of Guangdong's economy through financial support. This has propelled our various business operations to new heights. As at the end of the reporting period, the Bank set up 11 tier-one branches in the Greater Bay Area, realizing full organizational coverage in the Greater Bay Area, extended services to various cities, and provided comprehensive, high-quality financial services to support the construction of the Greater Bay Area.



## Enhance top-level design and refine Bay Area work plans

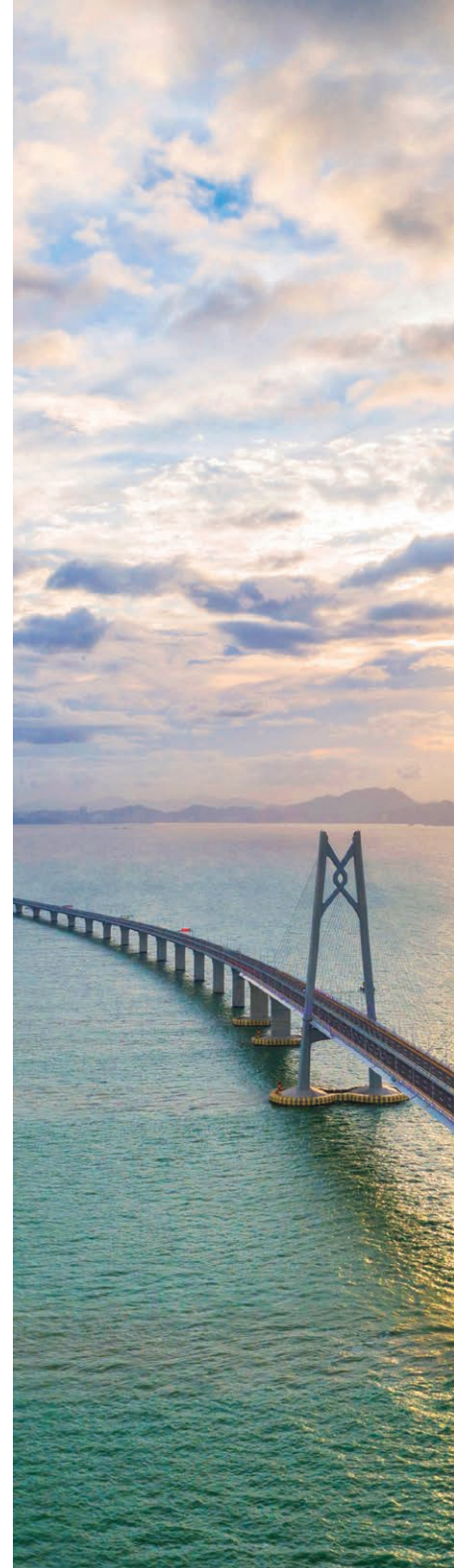
Since the Party Central Committee deployed the national strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, the Bank has successively formulated and implemented two rounds of three-year action plans for offering comprehensive financial services in the Greater Bay Area. During the reporting period, in line with the latest work deployments of the Party Central Committee regarding the development of the Greater Bay Area and the establishment of the three major free trade zones in Hengqin, Qianhai, and Nansha, and guided by the work requirements of China Life Group and the Party Committee of the head office, the Bank formulated and issued the "Implementation Plan for Revitalizing Business in the Guangdong-Hong Kong-Macao Greater Bay Area", which clarified development goals and refined work measures, strengthened supporting initiatives such as resource allocation, technological empowerment, operational support, and brand promotion, continuously enhanced institutional mechanisms, and ramped up efforts to serve the Guangdong-Hong Kong-Macao Greater Bay Area.

**35<sup>th</sup>**

**根植湾区 勇立潮头**  
以独特区位优势，助推大湾区发展新格局  
广发银行成立35周年

**广发银行**  
CHINA GUANGFA BANK  
中国人寿集团成员单位

**35**  
发现精彩 开创未来





**Focus on key areas to support industry development in the Greater Bay Area**

The Bank closely followed the specific deployments of the Guangdong Provincial Party Committee and the provincial government's "1310" plan. We aligned our efforts around key areas such as promoting Guangdong's manufacturing industry, fostering innovation and technology, enhancing ecological conservation in Guangdong, and advancing the "High-Quality Development Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages". Integrating into the overall development strategy of the Guangdong-Hong Kong-Macao Greater Bay Area, we continuously increased our credit capital investment, optimized products and services, and allocated financial resources towards key areas in the Greater Bay Area, thus enhancing service quality and efficiency in supporting the real economy in the Bay Area. During the reporting period, the Bank underwrote RMB28.76 billion worth of Guangdong provincial bonds, ranking first among joint-stock banks. We actively engaged in formulating special bond reserve plans for Guangdong's marine ranches, aided our branches in the province to apply for over 50 special bond projects, and provided services to projects with a cumulative value of over RMB10 billion. As at the end of the reporting period, the Bank's outstanding balances of loans to manufacturing, technology enterprises, and green finance in the Guangdong-Hong Kong-Macao Greater Bay Area reached RMB55.436 billion, RMB55.171 billion, and RMB44.017 billion, respectively, representing an increase of 29.71%, 17.81%, and 73.49%, respectively compared to the beginning of the year. All these efforts helped accelerate the development of the modern industrial system in the Greater Bay Area.



**Leverage retail advantages to serve residents in the Bay Area**

The Bank extensively explored social security businesses and expanded pension finance offerings, enriched "social security +" scenario applications to improve customer acquisition and loyalty. Through exclusive social security activities, unique services, and other means, we achieved increased customer engagement. We increased the penetration of key associated products and streamlined processes, like linking "social security card +" pensions and "social security +" payroll distribution, thereby deepening customer loyalty. Leveraging digital tools and online platforms, we empowered marketing endeavours to improve customer service capabilities.





# Operation and Management Themes



## Comprehensive finance

As a member of China Life Group, the Bank adhered to the concept of “one customer, one China Life”, gave full play to our comprehensive financial advantages, and supported the implementation of major national strategies and the development of the real economy. The Bank improved the supply quality of comprehensive financial products and services to meet the growing diversified financial needs of the people, while constantly strengthening synergy effects. We strived to become a specialized bank serving the insurance industry by continually fortifying our differentiated advantages in comprehensive finance.



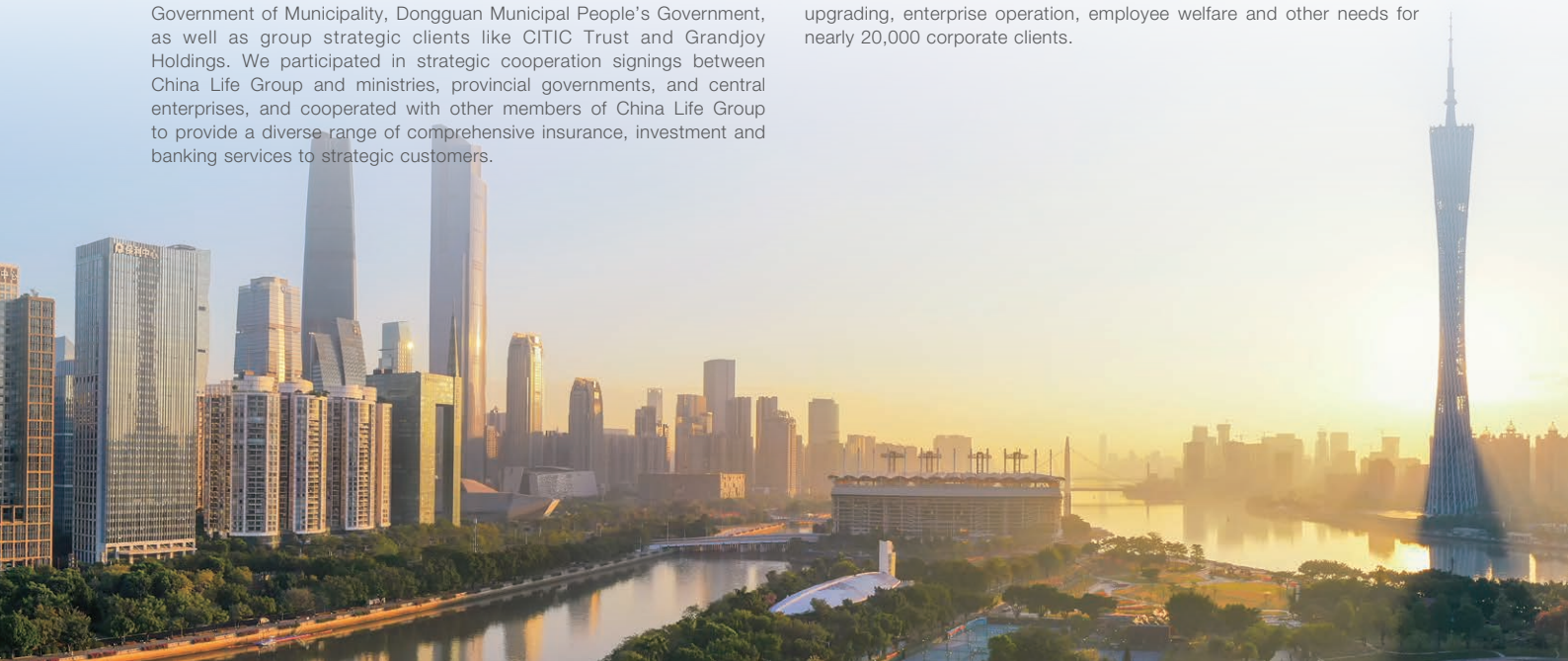
**Serve national strategies and support the development of the real economy**

The Bank vigorously supported the “Belt and Road” initiative and served the country’s key strategic areas such as the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt, the integration of Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area. Focusing on key industries related to areas such as a science and technology powerhouse, a green China, health and elderly care, infrastructure, and advanced manufacturing, the Bank leveraged its comprehensive financial advantages and innovatively launched one-stop, full-scenario integrated financial service solutions, covering insurance capital investment, bank credit, transaction settlement, fund custody, and bond underwriting, promoting the implementation of projects in key regions and fields. At the end of 2023, the cooperative investment and financing business under the comprehensive financial service model exceeded RMB520 billion. During the reporting period, the Bank signed cooperation agreements with local governments including Guangzhou Municipal People’s Government, Nanchang Municipal People’s Government of Municipality, Dongguan Municipal People’s Government, as well as group strategic clients like CITIC Trust and Grandjoy Holdings. We participated in strategic cooperation signings between China Life Group and ministries, provincial governments, and central enterprises, and cooperated with other members of China Life Group to provide a diverse range of comprehensive insurance, investment and banking services to strategic customers.



**Benefit enterprises and the people, and provide innovative services for rural revitalization**

Leveraging the group comprehensive financial advantages, the Bank strengthened business cooperation in the “government-bank-insurance” sector. We worked with our partners to expand policy-oriented agricultural insurance businesses, and intensified efforts to promote distinctive products like “Rural Revitalization Loan” and “Farmer Benefit E-loan”. The Bank innovated and promoted government risk compensation cooperation models, and explored business models featuring “bank + insurance + futures” to facilitate financing channels for agriculture, rural areas, and farmers. These initiatives helped us enhance the quality and level of comprehensive financial services for rural revitalization, and allowed us to transform our comprehensive financial advantages into a powerful driving force to boost rural revitalization. During the reporting period, the Bank newly introduced 35 insurance products from China Life Insurance Company Limited and China Life Property and Casualty Insurance Company Limited, providing a matrix of comprehensive insurance services covering social governance, industrial upgrading, enterprise operation, employee welfare and other needs for nearly 20,000 corporate clients.





**Upgrade products and services, deepen comprehensive customer management**

The Bank is among the first batch to obtain the qualification of the individual pension business. It cooperated with other members of China Life Group to promote the development of the third pillar of the pension system, built new strategic business growth areas, served more than 1,000,000 individual pension customers, and developed a characteristic advantage in offering comprehensive pension financial services in terms of “China Life for Pension, CGB for Account Opening”. The Bank explored the insurance customer service scenario, built the product service system of “Double Xin, Double Credit and Two Cards” by focusing on customers’ all-around demand in consumption, credit and wealth management, and continued to upgrade and innovate multiple collaborative products. The Bank upgraded the “Xindanbao” project to reduce insurance costs and strengthen information protection for customers, providing one-stop service experience for them. The Bank launched the “Insurance Trust 2.0” service, and introduced the “Insurance+Capital” model to provide more diverse options for the wealth inheritance needs of high-net-worth customers. It also rolled out the “Zhenxiangli” project, offering CGB airport VIP lounge service privileges to star-rated customers of life insurance and property and casualty insurance in seven cities including Shanghai, Beijing, Guangzhou, Hangzhou, Nanning, Changchun, and Shenyang. To meet the credit card demand of vehicle owner customers, young customers and high-net-worth clients, the Bank collaborated with life insurance companies and property insurance companies to launch the “Hundred Cities, Hundred Stores” vehicle-owner joint operation project, promoting advantageous credit card products such as “Youyu Card” and “Dingji Card”. At the end of 2023, the Bank, in collaboration with other members of China Life Group, served more than 6.12 million individual customers. The financial assets of the individual customers served exceeded RMB83 billion.



**Increase synergy advantages and provide professional services to insurance institutions**

The Bank took full advantage of the synergy of China Life Group and drew on the experience of insurance fund management services of China Life Group to provide more insurance institutions with three types of service support, namely fund clearing, investment matching and customer operation, dedicated to building a specialized bank serving the insurance industry. The Bank initiated cooperation with Rui Life Insurance Co., Ltd., to implement services such as wage distribution, premium sales, and collection and payment insurance, actively exploring further business partnerships. Also, we continuously expanded the service scale of the “collection and payment insurance” product featuring centralized premium collection and payment, with five new insurance companies signed up with us and a cumulative total of 38 insurance firms, covering central enterprises and mainstream Chinese insurance institutions. The total number and amount of transactions, as well as the scale of deposits driven by such transactions increased by 15% to 30% compared with the same period last year. The Bank built a dedicated fund management system for the insurance industry dubbed TMS to provide three exclusive service functions for insurance funds, including intelligent payment management, intelligent account management and intelligent interface management, comprehensively improving the efficiency of fund management at insurance institutions. The Bank also developed and improved the functions of the public opinion monitoring system and the insurance creditor’s rights investment plan project management module, providing professional and high-quality custody services to the insurance industry.





## Operation and Management Themes



### Retail finance

The Bank anchored its business development positioning on highlighting the retail business, adhered to the general principle of pursuing progress while ensuring stability, and pushed forward with transformation, reform and business development. During the reporting period, the retail business achieved new successes in operational quality and efficiency, serving the overall interest, and development momentum.



### Reach new heights in operational quality and efficiency

Insisting on achieving balanced development in quality, efficiency, scale, and structure, the Bank made significant progress in business contribution, customer base, scale and volume, and risk management. As operational efficiency further improved, operating revenue from retail business grew steadily. The asset-liability structure was further optimized, with both the quantity and quality of individual deposit business showing growth, and continuous improvement in the Bank's self-operating capability for individual loans. Also, the foundation of retail customer base was further strengthened, the number of private banking clients grew rapidly, and the quality of credit card customer base improved steadily.



### Demonstrate new efforts in serving the overall interest

The Bank actively deployed pension finance. Focusing on customer retirement needs, the Bank offered a diversified portfolio of pension financial products, and fully engaged in the construction of the third pillar of pension, with a total of 1.3 million individual pension accounts opened. The Bank launched a special project of credit financing services for new citizens, providing them with entrepreneurial support. The Bank diversified its consumer loan products, and introduced consumer loan product dubbed "You Xiang Dai". In line with the relevant policies, it carried out adjustments to the interest rates of existing mortgages for first-home buyers, supporting the stable and healthy development of the real estate market. Furthermore, the Bank implemented the strategy of expanding domestic demand, with the annual credit cards consumption amounting to RMB2.22 trillion, actively supporting consumption recovery.



### Inject new momentum into operational management

The Bank continued to enhance the systematization, integration and digitalization capabilities of its retail business, accelerating efforts to promote digital transformation. By leveraging its agile and open advantages, the Bank established a digital customer service ecosystem featuring "Scenario + Finance". Notable accomplishments were made in the construction of open banking, and we gained over one million new customers. The Bank continuously enriched its digital tools, promoting online customer management and operation and achieving comprehensive promotion of the "E Shopkeeper" platform. The Bank rolled out "Smart Brain" of retail banking, Mobile Banking 9.0 as well as Discover Wonders 8.0, and innovatively launched intelligent tools such as "Virtual Digital Human". The Bank successfully unveiled the credit card distributed core system, injecting strong momentum into digital transformation and laying a solid foundation for the high-quality development of credit card business. Breakthroughs were made in comprehensive operation, with efforts focusing on strengthening resource integration and deepening collaboration and synergies. The Bank upgraded the dual-card collaboration mechanism, thus boosting the efficiency of converting active retail customers, improved the corporate-retail collaboration mechanism, and enhanced marketing key systems such as scenario products and activity benefits. The Bank also strengthened its professional service capabilities. Aligning with the trend of big wealth management development, the Bank refined its customer-centric product matrix, reinforced the branding of "Guangfa Selected" and "Guangfa Smart Investment", and upgraded the pocket money wealth management product dubbed "Smart Money" to enhance product competitiveness. Focusing on customer needs, the Bank established an "Online + Offline" holistic ecosystem for credit cards, tailoring benefit activities for diverse customer groups. The systematic foundation was gradually consolidated. The Bank improved the intelligent operational system for different levels, different groups and different types of customers throughout their lifecycle, upgraded the "Guangfa Wonderful Gathering" membership growth system and enriched benefit products to provide customers with diversified, differentiated, and distinctive services.





## Empowering through technology

The Bank remained committed to prioritizing digital customer acquisition and digital operation in its business development. We clarified our transformation strategies of “Digital Guangfa” and “Ecological Guangfa”, with the goal of achieving the basic establishment of “Digital Guangfa” and initial scalability in “Ecological Guangfa” and forming a competitive “C, G and B” ecosystem (with life on the C end, social and public governance on the G end, and industrial interconnection on the B end) by 2025.

To better realize the vision of “Ecological Guangfa”, the Bank took multiple measures. These include building a financial openness platform and a cloud ecosystem platform in the industry, developing and continually refining innovative mechanisms, exploring various avenues for innovation, developing a matrix of digital products, and providing comprehensive services to industry customers. The Bank established an innovative ecosystem by collaborating with partners, which laid a solid foundation for building an industry digital ecosystem with Guangfa’s characteristics and created a “second curve” for customer expansion and business growth.



### Create an open and interconnected ecosystem platform to bolster the foundation of technological innovation

The Bank constantly strengthened the development of an open and interconnected ecosystem platform with “Financial Openness Platform + Industry Cloud Platform” at the core, continuously extended the scope of banking services. At the end of 2023, the Financial Openness Platform had partnered with a total of 1,605 entities, an increase of 20.95% compared to the beginning of the year, and cumulative number of APIs generated reached 4,987, up 54.83% from the beginning of the year. Daily transaction volumes exceeded 50 million, a 92.31% rise from the previous year. The Guangfa Industry Cloud Platform serves as a specialized cloud platform for hosting the Bank’s industry-specific digital products and ecological cooperation applications, which can meet various industry service needs. It aims to provide customers and ecosystem partners with fast-response, flexible, highly available, and lowcost cloud computing resource services. With its agile, innovative, open, and eco-system-driven cloud service capabilities, the platform helped facilitate the development of industry digital businesses and provided a robust foundation for fostering industry innovation and development.



### Build a digital financial product matrix to facilitate innovative business development

The Bank has developed a digital product matrix covering industries such as corporate services, labour unions, judiciary, education, and people’s livelihoods, enabling branches and sub-branches to effectively grow and retain customers through the utilization of financial technology. The “Digital Labour Union Integration Platform” was honoured with the third prize of the “Financial Technology Development Award” by the People’s Bank of China. During the reporting period, the Bank launched the “Guangfa Tong” series of digital products such as digital HR (Guangfa Salary), digital finance and taxation (Guangfa Finance), and digital business travel (Guangfa Travel). These products provided comprehensive solutions encompassing human resources, financial management, and business travel, and helped integrate financial products into corporate operational management activities so as to achieve the integration of banking and corporate operations as well as the integration of information and fund flows, thereby supporting the development of corporate-retail collaboration businesses. Among them, the “Digital Finance and Taxation” product provided comprehensive financial and tax services for small – and medium-sized enterprise clients. It integrated functions such as expense reporting, bookkeeping, tax calculation, tax filing, and data analysis, and boasted features like intelligent accounting, inventory management, accounting assistance, asset management, salary management, voucher management, ledger management, financial statements, intelligent tax filing, among others. And it is the Bank’s first SaaS product that adopts an online signing and instant activation and usage model. Since its launch in March 2023, the static values and growth rates of corporate clients and the average daily balance of corporate clients have ranked first among the Bank’s digital products.



### Establish a financial technology innovation mechanism to unleash innovation vitality across the Bank

The Bank has established a comprehensive governance structure for innovation. We have set up a financial technology innovation committee to achieve top-level governance, established a dedicated innovation fund, and formed a specialized innovation R&D team to support the rapid incubation and effective promotion of innovative projects. In addition, by employing a creative access and exit mechanism and a dynamic evaluation system, the Bank comprehensively assesses the input and output of digital products and ecological cooperation projects and strictly enforces the evaluation of comprehensive revenue to ensure the effective allocation of resources. The Bank has also established a financial technology innovation laboratory to deepen internal and external cooperation. This laboratory is responsible for researching new technologies, exploring innovative scenarios, designing industry solutions, collaborating on digital products, and providing guidance for innovation incubation, with a view to driving innovation in financial products and services and bolstering the Bank’s financial service capabilities. The Bank deeply engaged in cultivating a culture of financial technology innovation. Focusing on themes such as “Innovative Talent Cultivation”, “Innovative Projects Incubation” and “Innovative Culture Construction”, the Bank organized systematic training and competitions in financial technology innovation skills to develop a cadre of well-rounded financial technology professionals with a pioneering attitude, efficient execution, and a pragmatic spirit, thus providing robust support for the Bank’s digital transformation and high-quality business development. Furthermore, by leveraging an innovation team that encompasses all levels of the Bank and was deeply engaged in frontline branch operations, the Bank has gradually developed a set of innovative mechanisms that facilitate coordinated planning, coordination between hierarchies, and collaborative division of labour. We started from fostering exploration of potential customer needs, exploring to identify opportunities for financial technology empowerment, and jointly crafting imaginative solutions by the headquarters and branches. Ultimately, the innovation team expedited the incubation, development, and promotion of creative ideas. This dynamic innovation mechanism infused vitality into innovation endeavours at every level.



# Corporate Profile

## Corporate Profile

### Statutory Names

Chinese name: 广发银行股份有限公司  
(Abbreviation: 广发银行)  
English name: China Guangfa Bank Co., Ltd.  
(Abbreviation: China Guangfa Bank, CGB or Guangfa Bank)

### Business Philosophy and Business Scope

**Business Philosophy:** Conduct various commercial banking businesses legally in line with the principles of equality, willingness, fairness and honesty; facilitate and support the development of national economy and the overall prosperity of society; and maximize the shareholders' value.

The Bank regards safety, liquidity and profitability as the principles for its operation, and operates independently at its own risk, assume sole responsibility for its profits and losses and be self-disciplined.

**Business Scope:** Taking public deposits; granting short-term, mid-term and long-term loans; handling domestic and overseas settlements; handling bills acceptance and discount; issuing financial bonds; issuing, paying for and underwriting government bonds as an agent; sales and purchases of negotiable securities such as government bonds and financial bonds; engaging in interbank borrowings; providing letters of credit service and guarantee; engaging in bank card business; acting as payment and receipt agent and insurance agent; providing safe deposit box services; taking deposits and granting loans in foreign currency; foreign currency remittance; foreign currency exchange; international settlements; foreign exchange settlements and sales; inter-bank foreign currency borrowings; handling acceptance and discount of bills in foreign currency; granting foreign currency loans; granting foreign currency guarantees; sales and purchases of negotiable securities other than shares in a foreign currency for itself and as an agent; issuing negotiable securities other than shares in a foreign currency for itself and as an agent; sales and purchases of foreign currency for itself and as an agent; issuing and making payments for foreign credit card as an agent; offshore financial operations; assets and credit verification, consultation and notarization businesses; other businesses approved by the former CBIRC and other relevant authorities.

**Legal Representative:** Wang Kai

**Secretary to the Board of Directors:** Li Guangxin

### Registered Office Address

No. 713 Dongfengdong Road, Yuexiu District, Guangzhou  
Postcode: 510080  
Service hotline of China Guangfa Bank: 400-830-8003  
Guangfa credit card hotline: 95508  
Website: www.cgbchina.com.cn

### Place for Obtaining Annual Report

The Finance and Accounting Department of the Bank

### Other Relevant Information

The first registration date: 8 July 1988  
The date of registration change: 28 June 2022  
Authority of registration: Guangdong Administration for Market Regulation of People's Republic of China  
Registered capital: RMB21,789,860,711.00  
Unified social credit code: 91440000190336428Q  
Institution No. of financial license: B0012H144010001

## Engaged Auditors

Domestic Auditor:	Ernst & Young Hua Ming LLP (Special General Partnership)
Office Address:	Room 01-12, Floor 17, Ernst & Young Building, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing
Project Partner:	Feng Suoteng
Names of Signing Certified Public Accountants:	Feng Suoteng, He Mingzhi
International Auditor:	Ernst & Young Hua Ming LLP (Special General Partnership)
Office Address:	Room 01-12, Floor 17, Ernst & Young Building, Oriental Plaza, No.1 East Chang'an Street, Dongcheng District, Beijing

**This report was disclosed in accordance with the requirements of Former China Banking and Insurance Regulatory Commission's Corporate Governance Standards for Banking and Insurance Institutions and Information Disclosure Measures for Commercial Banks.**

# Corporate Profile

## Development Strategy

Since 2023, the Bank has been committed to the strategic goal of establishing itself as a first-class commercial bank nationwide. We have conscientiously implemented the general strategy deployment of “one layout, two paths, and three-in-one bank”, earnestly promoted the work of strategic management, and adhered to the principle of “operability, feasibility and inspectability”, reinforcing the decomposition and transmission of strategies. We have deepened the process management of strategic planning, advanced strategic monitoring and dynamic calibration, tracked effectiveness in a timely manner, and organized strategic advocacy and evaluation. We have enhanced the quality and effectiveness of strategic risk management by refining our systems. We organized regular evaluations of the implementation of the 14th Five-Year Plan of the entire bank, the special plans of the head office, and the subsidiary plans of the institutions directly under the Bank, tracked the progress of major development goals and key tasks, and summarized experiences and analyzed gaps in a timely manner, to ensure the effectiveness of strategic execution, facilitating effective collaboration and connection of the plan.

2024 is a crucial year for implementing the spirit of the Central Financial Work Conference and promoting the high-quality development of finance. The Bank will thoroughly study and understand, as well as fully implement the decision and deployments of the CPC Central Committee and the State Council on financial work. We remain committed steadfast in adhering to the path of financial development with Chinese characteristics, concentrate efforts to promote reform, transformation, and high-quality development of the entire bank. Our aim is to better serve the implementation of major national strategies, continuously catering to the growing financial demands of economic and social development and the people.





## Core Competence

Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank insists on pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old. We comprehensively understand the spirit of the 20th CPC National Congress, fully and accurately implement the new development concept, and thoroughly implement the "14th Five-Year Plan" and various special plans of the Bank, continuously consolidating the foundation for high-quality development.

**Clear and firm development strategy.** The Bank closely follows the national strategies, resolutely implements the decision and deployments of the CPC Central Committee, acclimates the development trend of the industry, and explores its unique advantages. We have continued to improve its corporate value and market position in accordance with the overall strategy of "focusing on serving the overall layout of China's modernization, adhering to the path of innovative development and light development, and building a value-oriented, intelligent and comprehensive bank with the characteristics of China Guangfa Bank", and devoted to building a first-class bank with substantial national influence. We have clearly defined a differentiated regional development positioning of "one head office, two centers, multiple poles, and internationalization", along with a differentiated business development positioning of "highlighting retail, strengthening corporate, and optimizing the financial market". We have continuously built a distinctive new pattern of "systematization, comprehensiveness, and digitization" for overall retail development, steadfastly created a new platform for industry professional services, and focused on building a new lightweight development system of "customer integration, investment and research integration, and dual-line integration", rallying efforts for business transformation and high-quality development.

**Continuous deepening of roots in the Greater Bay Area.** As the only national joint-stock commercial bank with full coverage of "9+2" urban institutions in the Greater Bay Area, the Bank has the advantages in its headquarters in the Bay Area, business layout, resources and customer base. The Bank promotes the development of the Bay Area with high-quality financial services to lead the high-quality development of the Bank. The Bank prioritizes and focuses on serving the economic and social development of Guangdong and the Greater Bay Area. We have continuously enhanced the depth and breadth of cooperation between government and banks, and strengthened cooperation with the Guangdong provincial government and local municipal governments, and deepened cooperation in fiscal business. We have emphasized supporting the construction of modern industrial systems, focused on key areas such as "developing Guangdong based on manufacturing industry", "being powerful province in science and technology innovation", and "building green and beautiful Guangdong ecological construction". In addition, we have increased credit investment to help the Greater Bay Area build a modernized industrial system with international competitiveness. We have played a pivotal role as a financial bond to promote the integrated development of Guangdong, Hong Kong, and Macao, vigorously promoting connectivity in the Bay Area.

**Outstanding comprehensive financial advantages.** As a member unit of China Life Group, the Bank has given full play to its comprehensive financial advantages, taken the insurance-banking and investment-banking collaborative channels with member units of China Life Group as an important lever to expand customers, serve customers, and create differentiated competitive advantages to deepen bilateral business cooperation with group member units. Focusing on major national strategic regions and key industries such as infrastructure, energy and power, advanced manufacturing, and health care for the elderly, the Bank has introduced one-stop and full-scenario comprehensive financial service program, covering insurance capital investment, bank credit, transaction settlement, fund custody, and bond underwriting. The Bank has explored deep into the insurance customer service scenario, built the product service system of "Double Xin, Double Credit and Two Cards" around the all-around demand of consumption, credit and wealth management. Furthermore, the Bank has continued to upgrade and innovate multiple collaborative products, seamlessly integrating into the large ecosystem of China Life Group's insurance protection, health care for the elderly.

**Profound development of digital finance.** The Bank firmly implements the national innovation driven development strategy, continues to promote digital transformation, builds a comprehensive, intelligent and ecological "digital Guangfa" and deepens the digital core competitiveness and differentiation advantages. The Bank obtained data management capability maturity quantitative management level 4 certification and data security maturity level 3 certification, and the Bank's data management capabilities were continuously improved. What're more, the Bank vigorously built a "finance + technology + C, G, B" scenario-based financial ecosystem. For C-end, the Bank upgraded the mobile banking 9.0 and "Discover Wonders" 8.0, continuously advanced personalized consumer scenario layout tailored to individual needs. For G-end, the Bank innovatively introduced multiple smart products, including the digital bankruptcy management system, digital education fund supervision, and digital public welfare. For B-end, the Bank continued to strengthen industry digital empowerment and mainstream enterprise marketing, promoting comprehensive financial services for smart cities, and continually expanding various scenario-based projects. The Bank continued to build Guangfa's Industrial Cloud Platform based on industry-leading cloud computing architecture, facilitating the digital transformation of Guangfa's industrial customers, and effectively expanding the Guangfa digital ecosystem.

**Scientific and effective internal risk control.** The Bank insists on strengthening comprehensive risk management and internal control and compliance construction to ensure high-quality development. The Bank has strengthened the comprehensive risk management system, established a comprehensive risk management platform, improved the risk management framework with a sound organization and clear responsibility boundaries, continuously optimized the risk management process, explored the application of data analysis in the intelligent risk control scenario, and effectively improved the intelligent and refined risk management. The Bank has conducted the "Year of Compliance Performance Enhancement" activity, promoted the culture of compliance and established sound compliance risk management processes. The Bank has strengthened compliance performance across the Bank, continuously enhanced anti-money laundering management mechanism, and steadily solidified the foundation of compliance management.

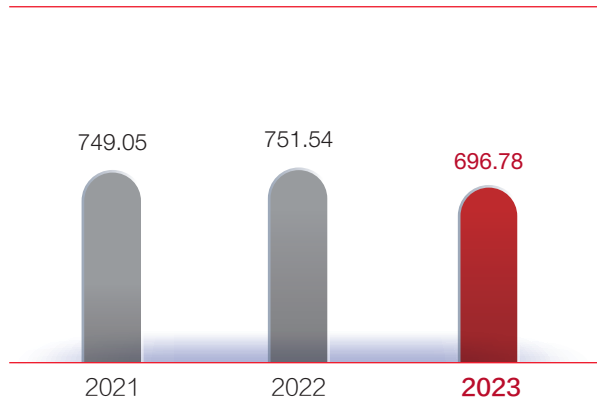
## Summary of Accounting Data and Financial Indicators

### Major Accounting Data and Financial Indicators

Item	2023	2022	2021
<b>Annual operating results (RMB'000)</b>			
Net interest income <sup>1</sup>	<b>51,068,555</b>	55,827,390	56,969,909
Net fee and commission income <sup>1</sup>	<b>11,854,546</b>	12,380,442	10,711,171
Operating income	<b>69,678,308</b>	75,153,958	74,904,656
Operating and administrative expenses	<b>(27,108,155)</b>	(26,513,790)	(27,265,839)
Credit and other asset impairment losses	<b>(22,711,013)</b>	(28,696,348)	(25,485,025)
Operating profit	<b>18,943,605</b>	19,005,164	21,228,691
Gross profit	<b>18,791,349</b>	19,089,303	21,259,096
Net profit	<b>16,018,770</b>	15,528,254	17,476,384
Net profit attributed to shareholders of ordinary shares	<b>13,993,770</b>	13,503,254	15,451,384
Net profit attributed to shareholders of ordinary shares after deducting non-recurring profit and loss	<b>13,999,514</b>	13,324,013	15,256,906
Net cash flow from operating activities	<b>86,292,302</b>	(38,659,857)	91,687,411

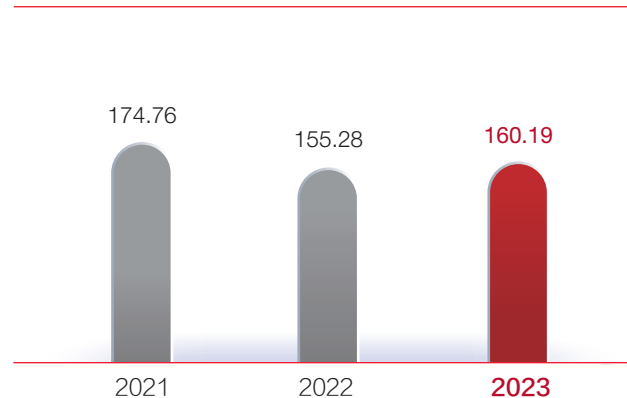
### Operating income

Unit: RMB100 million

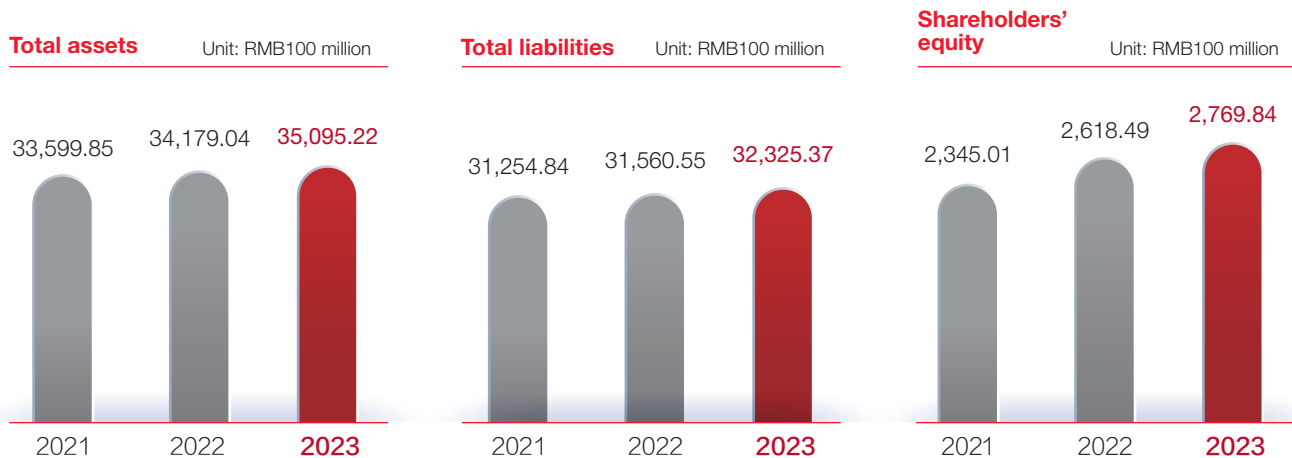


### Net profit

Unit: RMB100 million



Item	2023	2022	2021
<b>At the end of the reporting period (RMB'000)</b>			
Total assets	<b>3,509,521,571</b>	3,417,904,232	3,359,984,546
Gross loans and advances to customers <sup>2</sup>	<b>2,073,206,201</b>	2,056,093,345	2,022,379,482
Loan impairment allowances <sup>3</sup>	<b>(52,273,846)</b>	(55,473,122)	(52,623,079)
Net Investment <sup>2</sup>	<b>1,008,627,727</b>	951,854,989	763,384,302
Total liabilities	<b>3,232,537,285</b>	3,156,054,852	3,125,483,791
Deposits from customers <sup>2</sup>	<b>2,181,525,472</b>	2,169,898,457	2,094,773,205
Deposits from banks and other financial institutions <sup>2</sup>	<b>411,168,322</b>	372,539,205	524,142,226
Placements from banks and other financial institutions <sup>2</sup>	<b>88,779,817</b>	65,057,041	62,817,384
Shareholders' equity	<b>276,984,286</b>	261,849,380	234,500,755
Total net capital	<b>326,009,476</b>	313,812,573	291,211,830
Net Tier-1 capital	<b>272,648,258</b>	258,161,084	231,700,892
Net risk-weighted assets	<b>2,498,637,198</b>	2,420,993,282	2,354,160,171
<b>Data per share (RMB)</b>			
Net assets per share	<b>12.71</b>	12.02	11.91
Net assets per share attributed to shareholders of ordinary shares	<b>10.65</b>	9.95	9.63
Basic earnings per share attributed to shareholders of ordinary shares <sup>4</sup>	<b>0.64</b>	0.62	0.78
Diluted earnings per share attributed to shareholders of ordinary shares <sup>4</sup>	<b>0.64</b>	0.62	0.78
Basic earnings per share attributed to shareholders of ordinary shares after deducting non-recurring profit and loss <sup>4</sup>	<b>0.64</b>	0.61	0.77
Net cash flow from operating activities per share	<b>3.96</b>	(1.77)	4.66



## Summary of Accounting Data and Financial Indicators

Unit: %

Item	2023	2022	2021
<b>Profitability indicators</b>			
ROAA	0.46	0.46	0.55
Return on weighted average net assets <sup>4</sup>	6.24	6.40	8.52
Return on weighted average net assets after deducting non-recurring profit and loss <sup>4</sup>	6.24	6.32	8.41
Net interest spread <sup>1</sup>	1.46	1.68	1.79
Net interest margin <sup>1</sup>	1.60	1.81	1.93
Net fee and commission income to operating income ratio <sup>1</sup>	17.01	16.47	14.30
Cost-to-income ratio	38.90	35.28	36.40
<b>Asset quality indicators</b>			
Non-performing loan ratio (NPL ratio)	1.58	1.64	1.41
Provision coverage ratio	160.91	165.83	186.27
Provision ratio of loan	2.54	2.72	2.63
<b>Capital adequacy indicators</b>			
Core Tier-1 capital adequacy ratio <sup>5</sup>	9.11	8.81	7.93
Tier-1 capital adequacy ratio <sup>5</sup>	10.91	10.66	9.84
Capital adequacy ratio <sup>5</sup>	13.05	12.96	12.37

Notes: 1. The Group has adjusted the income from loans and comparable data during the same period accordingly based on the requirements on the standard.

2. Pursuant to the Notice of the Ministry of Finance on Revising and Issuing the Format of 2018 Financial Statements for Financial Enterprises (Caikuai [2018] No.36), the financial instrument interest provided based on the effective interest method shall be included in the book balance of the corresponding financial instrument and reflected in related statements but not listed separately as the item of "interest receivable" or "interest payable". The balance of "interest receivable" or "interest payable" listed in the item of "other assets" or "other liabilities" only refers to the interest receivable due or payable due for related financial instruments but not been received or paid yet as at the balance sheet date. Since the Annual Report 2019, the Bank has adjusted related contents of the financial reports and notes pursuant to the above requirement.

3. Only the loan impairment allowances measured by amortized cost were included.

4. The indicators related to return on net assets and earnings per share are calculated in accordance with No.9 – Rules on Preparation of Information Disclosures of Companies Publicly Issuing Securities – Calculation and Disclosure of Return on Net Assets and Earnings per Share (revised in 2010) and Accounting Standards for Business Enterprises No. 34 – Earnings per Share. In particular, the Bank issued RMB45 billion of undated capital bonds ("perpetual bonds") in September 2019. Perpetual bond interests of RMB2.025 billion were paid in September of 2023, 2022, and 2021, respectively. In the calculation of "earnings per share" and "return on average weighted net assets", the interest on perpetual bonds issued has been deducted from the numerator.

5. Calculated in accordance with Administrative Measures for the Capital of Commercial Banks (for Trial Implementation).



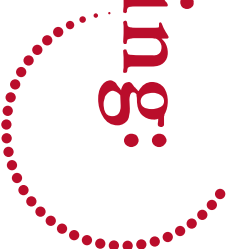
## Supplementary Financial Ratios

Unit: %

Key Indicator		Regulatory Indicator	End of 2023	End of 2022	End of 2021
Liquidity ratio	Converted into RMB	≥25	<b>58.60</b>	59.18	72.54
The proportion of loans to the largest individual borrower to net capital		≤10	<b>2.39</b>	2.37	1.52
The proportion of loans to the top 10 borrowers to net capital			<b>15.25</b>	13.67	11.58

Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly implemented the spirit of the 20th CPC National Congress, the Central Financial Work Conference, and the Central Economic Work Conference. It adhered to the principle of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old. With high-quality party building leading and assuring its high-quality development, the Bank focused on its primary responsibilities and core businesses, and remained committed to the path of financial development with Chinese characteristics, made greater contribution to the great cause of building a strong country and rejuvenating the Chinese nation.

# Remain United and Gather Strength for forging ahead on a New Journey Party Building:





## Economic, Financial and Macroeconomic Environment

During the reporting period, global economy showed signs of recovery, with major economies tending towards divergence. Inflationary pressures in major developed economies generally eased but remained sticky, and the interest rate hiking cycle approached its end. Monetary policies diverged among emerging economies, and potential financial risks accumulated gradually worldwide. The year 2023 marked the beginning of fully implementing the spirit of the 20th CPC National Congress and the promotion of Chinese-style modernization. As China comprehensively deepened reform and opening up, strengthened macro regulations, and focused on expanding domestic demand, optimizing structure, boosting confidence, and preventing and resolving risks, the economy returned to the normal track and maintained a positive momentum of recovery. The government implemented targeted, effective and prudent monetary policy, and strengthened countercyclical adjustments with two reserve requirement ratio cuts, two policy rate cuts, and roll over of maturing medium-term lending facility loans with higher cash offerings every month. In addition, the government adopted targeted and flexible structural monetary policy instruments, creating a favourable monetary and financial environment for high-quality economic development. In 2023, RMB loans increased by RMB22.75 trillion, an increase of RMB1.31 trillion year-on-year. The balances of RMB loans, broad money (M2) and social financing scale increased by 10.6%, 9.7%, and 9.5%, respectively year on year.

Looking forward to 2024, the Central Economic Work Conference pointed out that it is necessary to strengthen macro regulations so as to consolidate and enhance the positive trend of economic recovery in China. The work conference calls for adhering to the general principle of pursuing progress while ensuring stability, promoting stability through progress, establishing the new before abolishing the old, implementing more policies that are conducive to stabilizing expectations, growth, and employment, and strengthening counter-cyclical and cross-cyclical adjustments of macro policies. The proactive fiscal policy should be strengthened appropriately, with improved quality and efficiency. The prudent monetary policy should be flexible, moderate, targeted and effective. Efforts should be made to maintain reasonable and sufficient liquidity, keep social financing scale and money supply in line with the expected targets for economic growth and price levels, and guide the financial institutions to increase support for scientific and technological innovation, green transformation, inclusive finance for small and micro enterprises, and digital economy. Efforts

should also be made to leverage scitech innovation to lead the establishment of a modern industrial system, expand domestic demand, deepen reforms in key areas, expand high-standard opening up, prevent and defuse risks in key areas in a sustained and effective manner, remain committed to the work of agriculture, rural areas and farmers, facilitate integrated urban-rural development and coordinated regional development, advance ecological conservation and green and low-carbon development, and protect and improve people's livelihoods. China's economic recovery momentum will likely remain sound, and consumption recovery is set to persist. The "three major projects" are expected to provide strong support for the real estate market, while infrastructure investment, as the main lever for countercyclical adjustments and stable growth, will continue to be robust. Alongside the bottoming out and stabilization of manufacturing inventory cycles domestically and overseas, proactive inventory replenishment may lead to a rebound in demand, potentially accelerating manufacturing investment. Foreign trade will still be under pressure, but structural highlights remain. The trend of economic recovery and improvement is expected to continue, offering numerous opportunities for the banking sector to enhance its efficiency in serving the real economy.

In the meantime, China's current economic development still faces challenges such as insufficient effective demand, overcapacity in some industries, weak social expectations and many hidden risks, which brought certain pressures and challenges to the transformation and upgrading of the banking industry. As competition intensifies in the banking sector, trends such as digital empowerment, lightweight development and distinctive operation will become important drivers of future development in the banking sector.

# Review of Operations

## General Business Overview

The Bank thoroughly studied and implemented the spirit of the 20th CPC National Congress, the Central Financial Work Conference and the Central Economic Work Conference, and earnestly carried out the working requirements of “One Increase, One Optimization, and Six Strengthenings” of the Party Committee of China Life Group, as well as the Bank’s requirement of “Eight Tremendous Efforts”. The Bank actively responded to severe and complicated changes in internal and external environments, steadily promoted high-quality development, and achieved steady progress and quality improvement in operation and management. At the end of 2023, the Group’s total assets reached RMB3.5 trillion, up 2.68% from the beginning of the year, with the outstanding balance of general corporate loans exceeding RMB1 trillion, up over RMB100 billion compared to the beginning of the year, demonstrating steady growth in assets. Annual operating income reached RMB69.678 billion, and net profit reached RMB16.019 billion, representing a year-on-year increase of 3.16%, and the operating

efficiency remained stable. The outstanding balance of non-performing loans was RMB32.608 billion, and the non-performing loan rate was 1.58%, down RMB1.042 billion and 0.06 percentage points, respectively from the beginning of the year, achieving a “double decline” in nonperforming loans. The core tier-one capital adequacy ratio was 9.11%, reached the highest level in the past five years, up 0.3 percentage points from the beginning of the year, indicating stable and positive trends in major regulatory indicators. The Bank was selected as a domestic systemically important bank for three consecutive years, and the ranking of Global Top 1000 banks by the Banker rose to the 59th place, marking a historic pinnacle. The Bank obtained important business qualifications such as central treasury centralized payment and national electronic social security cards, and established a tire-1 branch in Hohhot, steadily enhancing its market influence.



# Review of Operations

## Business Management

### Actively support economic recovery and improvement.

The Bank intensified its support for the real economy. The outstanding balances of the Bank's medium- and long-term manufacturing loans and green credit both exceeded RMB100 billion, up 48.09% and 65.43%, respectively from the beginning of the year. The Bank explored a financial service mode featuring "sector + industry + technology", providing solutions for industries such as power grids, pharmaceuticals and healthcare. The outstanding balance of loans to technology companies increased 30.35% from the beginning of the year, while the outstanding balance of loans to inclusive small and micro enterprises rose 12.18% from the beginning of the year. The cross-border RMB settlement amount exceeded RMB200 billion. As the Bank served the coordinated development of regions, the increment of general corporate loans in the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt, and the Yangtze River Delta accounting for 88.7% of the Bank's total increment. The Bank underwrote a total of RMB135.4 billion of local government bonds throughout the year, and ranked top among joint-stock banks in terms of the proportion of Guangdong bonds underwritten. The Bank deepened strategic cooperation with local governments in Guangzhou, Nanchang, Hohhot, Urumqi, Dongguan and etc, and was the only bank undertaking ETC services for the "Northbound Travel for Macao Vehicles" scheme. To boost the market and benefit the people's livelihood, the Bank issued consumer loans totalling over RMB100 billion during the year. Total online credit card consumption rose 14% year-on-year. The Bank carried out adjustments to the interest rates of existing mortgages for nearly 270,000 first-home buyers and launched one of our star products, the "Youxiang Loan". In addition, 1.30 million individual pension accounts were opened. The Bank made every effort to promote rural revitalization. The outstanding balance of agricultural loans issued by the Bank increased by 15.88% from the beginning of the year. A total of more than RMB120 billion worth of loans has been extended to Guangdong's "High-Quality Development Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages", and charity projects were carried out in Huichang County in Jiangxi Province, and

Maoming and Jiangmen in Guangdong Province. Guangfa e-Mall sold supported products with a combined value of RMB30 million.

### Emphasize both quantity and quality to improve the quality and efficiency of business development.

The Bank optimized the structure of asset business and improved capital utilization efficiency. Throughout the year, effective credit loans increased RMB83.9 billion. The average daily amount of bond assets increased by 28.2% year-on-year. Capital management was strengthened, with a 3.2% increase in risk-weighted assets, which was 3.6 percentage points lower than the growth rate of net core tier-one capital. The Bank improved the quality of liability businesses, with the average daily balance of core retail deposits rising 25.7% year-on-year. The average daily balance of basic deposits of institutional clients exceeded RMB250 billion, there was a net increase of 11,000 effective corporate settlement customers, and core corporate deposits as a percentage of total deposits increased by 2.8 percentage points from the beginning of the year. The interest rate of domestic RMB deposits fell by 16 bp year-on-year. The Bank actively expanded the "asset-light and capital-light" business. The sales volume of "Guangfa Smart Investment" increased by 29% year-on-year, and the number of effective accounts for regular investment plan grew by 22% year-on-year. The Bank provided direct bank-enterprise connection treasury services for headquarters of 52 central enterprises and headquarters of 738 state-owned enterprises, and was the first in the domestic banking industry to offer centralized visualization services for RMB cross-border payment system accounts. Publicly offered funds under custody increased by 25.3% from the beginning of the year.

### Integrate and deepen resource integration and coordination.

The speed and efficiency of the comprehensive financial business continued to grow. The Bank refined the implementation of China Life Group's Action Plan for Further Supporting the High-Quality Development of China Guangfa Bank (2023-2025) and Pilot Work Plan for Reform and Innovation in the Guangdong-Hong Kong-Macao Greater Bay Area and



Jiangsu-Zhejiang-Shanghai Region. The “Xindanbao” project was relaunched, and star-rated customer service benefits were shared. The Bank also held its first collaborative labour competition of comprehensive financial business, driving year-on-year growth in premium income through coordinated channels. The average daily balance of assets under management (AUM) reached RMB83.8 billion. The Bank worked with the investment segment to jointly implemented projects related to China Gezhouba Group and Henan Transport Investment Group, with a total investment amount of RMB120 billion. Internal collaboration within the Bank was continually strengthened. The Bank improved the corporate-retail collaboration business mechanism, launched featured product dubbed “Guangfa Salary”, and made important breakthroughs in all-round cooperation with key customers such as China Southern Power Grid, China Southern Airlines, China Eastern Airlines, and BMW. The dual-card linkage added 520,000 new Class I debit card accounts, and nearly 900,000 new customers signed up for the “Repayment Bao” service. The “Blue Ocean Action” wealth customer acquisition model was promoted to expand the customer base. Empowered by financial technology both internally and externally, the Bank advanced the digitization of customer operations and management. The Bank achieved full-scale promotion of “E Shopkeeper” and implemented key projects such as “Smart Brain” of retail banking, Mobile Banking 9.0, and the new generation of corporate CRM system. We also innovatively introduced intelligent tools such as “virtual digital human”, with a total of 18.77 million customers on our corporate WeChat accounts. Furthermore, the Bank developed “Five Major Series” of digital products to establish a new ecosystem for digital customer services. We successfully completed the deployment of and migration to a distributed banking core system and credit card core system, migrating our core systems from a centralized architecture to a distributed one in one go. This enhanced technological support for product and service innovation, as well as refined management.

**Proactively and effectively strengthen internal risk control and management.** The Bank emphasized risks prevention in key areas, established a supervision mechanism for large overdue interest-bearing loans

through credit grants, and strengthened management of key products such as operating property mortgage loans. Following market-oriented and legal principles, the Bank properly handled real estate and local government financing platform-related credit risks. The number of new non-performing loans decreased by 10.8% year-on-year. The Bank improved its comprehensive risk management capabilities, established a cross-line risk information database, launched “Guangfa Information Exchange for Enterprises”, promoted the construction of an intelligent risk control system, and coordinated the implementation of new financial asset risk classification regulations and new capital regulations in an orderly manner. The Bank also optimized the group’s credit business process and strengthened quality supervision of review and approval to improve the quality and efficiency of risk management and control. At the same time, the Bank carried out special inspections and rectifications of major accident hazards to ensure safe and stable operations throughout the year. The Bank strengthened the construction of internal control and compliance systems, carried out the “Year of Compliance Performance Enhancement” activities, strengthened the performance of compliance at the grass-roots level, and promoted the management of internal control and compliance issues at grassroots-level. The Bank continued to do a good job in anti-money laundering and organized compliance culture advocacy and education activities. It effectively played the role of the third line of defence, carried out special audits in areas such as credit management, credit cards, and consumer rights protection, strengthened audit coverage of branches and sub-branches, and improved the quality of economic accountability audit.

## Financial Statement Analysis

### Income Statement Analysis

During the reporting period, the Group realized an operating income of RMB69.678 billion, a decrease of RMB5.476 billion compared with previous year or a year-on-year decrease of 7.29%. This was mainly due to actively serving the real economy, reducing the cost of entity financing, resulting in a year-on-year decrease in net interest income. The Group realized a net profit of RMB16.019 billion, an increase of RMB491 million compared with previous year or a year-on-year increase of 3.16%.

Unit: RMB'000

Item	2023	2022	Increase/ decrease	Growth rate (%)
Operating income	<b>69,678,308</b>	75,153,958	(5,475,650)	(7.29)
Including: Net interest income	<b>51,068,555</b>	55,827,390	(4,758,835)	(8.52)
Net fee and commission income	<b>11,854,546</b>	12,380,442	(525,896)	(4.25)
Other non-interest income	<b>6,755,207</b>	6,946,126	(190,919)	(2.75)
Taxes and surcharges	<b>(915,425)</b>	(937,601)	22,176	(2.37)
Operating and administrative expenses	<b>(27,108,155)</b>	(26,513,790)	(594,365)	2.24
Credit impairment loss	<b>(22,664,004)</b>	(28,753,167)	6,089,163	(21.18)
Other asset impairment losses	<b>(47,009)</b>	56,819	(103,828)	N/A
Other operating costs	<b>(110)</b>	(1,055)	945	(89.57)
Net amount of non-operating incomes and expenses	<b>(152,256)</b>	84,139	(236,395)	(280.96)
Profit before income tax	<b>18,791,349</b>	19,089,303	(297,954)	(1.56)
Income tax	<b>(2,772,579)</b>	(3,561,049)	788,470	(22.14)
Net profit	<b>16,018,770</b>	15,528,254	490,516	3.16



## Interest Income

During the reporting period, the Group realized an interest income of RMB125.592 billion, a decrease of RMB3.752 billion or 2.90% compared with the previous year. This was mainly due to the Group's continued efforts to benefit the real economy, coupled with the impact of market interest rate fluctuations, resulting in an overall decrease in interest income.

Unit: RMB'000

Item	2023	2022	Increase/ decrease	Growth rate (%)
Interest income from loans	<b>94,864,306</b>	100,818,002	(5,953,696)	(5.91)
Including: corporate loans	<b>37,248,652</b>	37,341,871	(93,219)	(0.25)
individual loans	<b>53,205,503</b>	57,959,044	(4,753,541)	(8.20)
discounted bills	<b>4,410,151</b>	5,517,087	(1,106,936)	(20.06)
Interest income from investments in financial assets <sup>1</sup>	<b>24,557,981</b>	21,623,548	2,934,433	13.57
Interest income from deposits with the Central Bank	<b>2,612,888</b>	2,739,511	(126,623)	(4.62)
Interest income from placements with banks and other financial institutions	<b>1,912,666</b>	1,977,044	(64,378)	(3.26)
Interest income from financial assets held under resale agreement	<b>1,489,603</b>	2,086,030	(596,427)	(28.59)
Interest income from deposits with banks and other financial institutions	<b>154,421</b>	99,770	54,651	54.78
Total	<b>125,591,865</b>	129,343,905	(3,752,040)	(2.90)

Notes 1: Investments in financial assets include investment in creditor's rights and other investments in creditor's rights listed pursuant to the New Financial Instrument Standards. Unless specifically stated otherwise, in this section, the financial asset investment items of "interest income" and "net interest income" share the same calculation standard.

## Interest Expense

During the reporting period, the Group's interest expenses amounted to RMB74.523 billion, an increase of RMB1.007 billion compared with the previous year, representing a year-on-year growth of 1.37%. This was mainly due to the continued expansion of interbank liability business, resulting in corresponding increases in related interest expenses.

Unit: RMB'000

Item	2023	2022	Increase/ decrease	Growth rate (%)
Interest expenses for deposits	<b>53,370,820</b>	53,856,054	(485,234)	(0.90)
Interest expenses of loans from the Central Bank	<b>762,514</b>	303,577	458,937	151.18
Bond interest expenses	<b>7,690,939</b>	9,018,451	(1,327,512)	(14.72)
Interest expenses of deposits from banks and other financial institutions	<b>8,605,710</b>	8,423,283	182,427	2.17
Interest expenses of placements from banks and other financial institutions	<b>2,309,477</b>	935,968	1,373,509	146.75
Interest expenses of financial assets sold under repurchase agreements	<b>1,783,850</b>	979,182	804,668	82.18
Total	<b>74,523,310</b>	73,516,515	1,006,795	1.37

## Financial Statement Analysis

### Net Interest Income

During the reporting period, the Group achieved a net interest income of RMB51.069 billion, a decrease of RMB4.759 billion compared with the previous year, representing a year-on-year decrease of 8.52%. The Group actively responded to and implemented various national policies, and increased credit investment to support the development of the real economy, effectively reducing the financing costs for enterprises, thus resulting in the decline in overall net interest income.

### Interest-earning assets and interest-bearing liabilities

Unit: RMB'000

Item	2023			2022		
	Daily average balance	Interest income/expenses	Average yield/cost (%)	Daily average balance	Interest income/expenses	Average yield/cost (%)
Assets						
Loans and advances to customers	2,054,899,954	94,864,306	4.62	2,041,139,718	100,818,002	4.94
Investment in financial assets <sup>1</sup>	802,479,545	24,557,981	3.06	633,052,279	21,623,548	3.42
Deposits with the Central Bank	181,347,433	2,612,888	1.44	197,235,733	2,739,511	1.39
Deposits and placements with banks and other financial institutions <sup>2</sup>	154,289,752	3,556,690	2.31	212,879,948	4,162,844	1.96
<b>Total interest-earning assets</b>	<b>3,193,016,684</b>	<b>125,591,865</b>	<b>3.93</b>	<b>3,084,307,678</b>	<b>129,343,905</b>	<b>4.19</b>
Liabilities						
Deposits from customers	2,175,379,878	53,370,820	2.45	2,102,336,612	53,856,054	2.56
Loans from the Central Bank	31,084,315	762,514	2.45	10,919,748	303,577	2.78
Deposits and placements from banks and other financial institutions <sup>3</sup>	523,287,677	12,699,037	2.43	483,738,578	10,338,433	2.14
Bonds payables	282,025,154	7,690,939	2.73	329,159,294	9,018,451	2.74
<b>Total interest-bearing liabilities</b>	<b>3,011,777,024</b>	<b>74,523,310</b>	<b>2.47</b>	<b>2,926,154,232</b>	<b>73,516,515</b>	<b>2.51</b>
Net interest income		51,068,555			55,827,390	
Net interest spread			1.46			1.68
Net interest margin			1.60			1.81

- Note: 1. Investments in financial assets include investment in creditor's rights and other investments in creditor's rights listed pursuant to the New Financial Instrument Standards.
2. Deposits and placements with banks and other financial institutions mainly include deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements.
3. Deposits and placements from banks and other financial institutions mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

*Categories, Daily Average Balance, and Average Annual Interest Rate of Loans**Unit: RMB'000*

Item	Daily average balance	Average annual interest rate (%)
Loans	2,054,899,954	4.62
Including: General loans (excluding discounted amount)	1,804,749,656	5.01
Discounted amount	250,150,298	1.76

*Main Categories, Daily Average Balance, and Average Annual Interest Rate of Deposits**Unit: RMB'000*

Item	Daily average balance	Average annual interest rate (%)
Deposit	2,175,379,878	2.45
Including: Corporate deposits	1,617,265,919	2.49
Individual deposit	558,113,959	2.33

*Changes of the net interest income and volume and interest rate**Unit: RMB'000*

	Causes for change (2023 versus 2022)		
	Volume	Interest rate	Net increase/ (decrease)
Assets			
Loans and advances to customers	679,659	(6,633,355)	(5,953,696)
Investment in financial assets	5,787,229	(2,852,797)	2,934,432
Deposits with the Central Bank	(220,681)	94,058	(126,623)
Deposits and placements with banks and other financial institutions	(1,145,725)	539,572	(606,153)
<b>Change of interest income</b>	<b>5,100,482</b>	<b>(8,852,522)</b>	<b>(3,752,040)</b>
Liabilities			
Deposits from customers	1,871,167	(2,356,401)	(485,234)
Loans from the Central Bank	560,590	(101,653)	458,937
Deposits and placements from banks and other financial institutions	845,241	1,515,363	2,360,604
Bonds payables	(1,291,402)	(36,110)	(1,327,512)
<b>Change of interest expense</b>	<b>1,985,596</b>	<b>(978,801)</b>	<b>1,006,795</b>
<b>Change of net interest income</b>	<b>3,114,886</b>	<b>(7,873,721)</b>	<b>(4,758,835)</b>

Note: The change of volume is measured based on the change of the average balance, and the change of interest rate is measured based on the change of the average interest rate. The changes attributable to both volume and interest rate changes are reflected in the change of interest rate.

## Financial Statement Analysis

### Net interest spread and net interest margin

During the reporting period, the Group's net interest spread was 1.46%, a decrease of 22 bp compared to the previous year. The net interest margin was 1.60%, a decrease of 21 bp from the previous year. On the liability side, the Group implemented the requirements of the market-oriented adjustment mechanism for deposit interest rates, optimized the liability structure, and strengthened deposit pricing control. Therefore, the interest payment rate for domestic RMB deposits during the reporting period decreased by 16 bp over the previous year. On the asset side, first, the Group continued to implement various national policies by increasing credit support, particularly in key areas such as inclusive small and micro-enterprises and green finance. Meanwhile, the Group implemented the national policy of adjusting the existing housing loan interest rate for first-home buyers, effectively reducing the financing costs of enterprises and residents. Second, due to the effects of loan repricing and changes in market interest rates, the yield on the asset experienced a decrease.

Item	2023 (%)	2022 (%)	Increase or decrease
			(basis point)
Yield on interest-bearing assets	3.93	4.19	(26)
Interest rate of interest-bearing liabilities	2.47	2.51	(4)
Net interest spread	1.46	1.68	(22)
Net interest margin	1.60	1.81	(21)

### Non-interest Income

During the reporting period, the Group achieved a non-interest net income of RMB18.61 billion, a decrease of RMB717 million compared to the previous year, representing a year-on-year decline of 3.71%. This was mainly due to the decrease in transaction fee income.

Item	2023	2022	Increase/ decrease	Growth rate (%)
				Unit: RMB'000
Net fee and commission income	11,854,546	12,380,442	(525,896)	(4.25)
Investment gains	5,553,955	8,534,483	(2,980,528)	(34.92)
Gains arising from changes in fair value	878,965	(2,375,608)	3,254,573	N/A
Foreign exchange gains	212,586	642,016	(429,430)	(66.89)
Other income <sup>1</sup>	109,701	145,235	(35,534)	(24.47)
Total	18,609,753	19,326,568	(716,815)	(3.71)

Note: 1. Includes other business income, gains from asset disposal and other gains.



**Breakdown of net fee and commission income**

*Unit: RMB'000*

Item	2023	2022	Increase/ decrease	Growth rate (%)
Fee and commission income:				
Settlement and clearing fees income	<b>676,380</b>	590,543	85,837	14.54
Agency service fees income	<b>1,110,794</b>	1,111,792	(998)	(0.09)
Bank card fees income	<b>12,570,790</b>	13,273,096	(702,306)	(5.29)
Consultancy and advisory fees income	<b>294,723</b>	251,830	42,893	17.03
Custody service fee income	<b>581,483</b>	567,437	14,046	2.48
Guarantees and commitment fees income	<b>802,883</b>	720,626	82,257	11.41
Commission on wealth management products	<b>431,662</b>	392,830	38,832	9.89
Bond underwriting fees income	<b>465,444</b>	496,946	(31,502)	(6.34)
Other fee income	<b>79,012</b>	79,603	(591)	(0.74)
Subtotal	<b>17,013,171</b>	17,484,703	(471,532)	(2.70)
Less: Fee and commission expenses	<b>5,158,625</b>	5,104,261	54,364	1.07
Net fee and commission income	<b>11,854,546</b>	12,380,442	(525,896)	(4.25)

**Operating and Administrative Expenses**

During the reporting period, the Group's operating and administrative expenses amounted to RMB27.108 billion, an increase of RMB594 million compared to the previous year, representing a year-on-year growth of 2.24%.

*Unit: RMB'000*

Item	2023	2022	Increase/ decrease	Growth rate (%)
Staff costs	<b>16,295,058</b>	15,658,209	636,849	4.07
Depreciation, amortization and lease expenses	<b>4,611,115</b>	4,440,525	170,590	3.84
Other operating and administrative expenses	<b>6,201,982</b>	6,415,056	(213,074)	(3.32)
Total	<b>27,108,155</b>	26,513,790	594,365	2.24

## Financial Statement Analysis

### Credit and Other Asset Impairment Losses

During the reporting period, the Group reported the provision of asset impairment loss of RMB22.711 billion, a decrease of RMB5.985 billion over the previous year or a year-on-year decrease of 20.86%. This was mainly due to the Group's increased efforts in risk asset control and resolution, while the overall asset impairment loss decreased as the macro economy gradually stabilized.

Unit: RMB'000

Item	2023	2022	Increase/ decrease	Growth rate (%)
Impairment losses on loans and advances to customers	<b>23,372,245</b>	28,478,488	(5,106,243)	(17.93)
Impairment losses on investment in financial assets	<b>(148,098)</b>	335,792	(483,890)	(144.10)
Impairment losses on inter-bank business	<b>27,073</b>	(17,088)	44,161	N/A
Impairment losses on off-balance sheet operations	<b>(667,006)</b>	(101,420)	(565,586)	N/A
Impairment losses on foreclosed assets	<b>7,229</b>	(56,940)	64,169	N/A
Other	<b>119,570</b>	57,516	62,054	107.89
Total	<b>22,711,013</b>	28,696,348	(5,985,335)	(20.86)

### Balance Sheet Analysis

#### Assets

At the end of 2023, the total assets of the Group amounted to RMB3,509.522 billion, an increase of RMB91.617 billion compared to the beginning of the year, representing a growth of 2.68%. Among them, the net investment increased rapidly, with an increase of RMB56.773 billion compared to the beginning of the year, representing a growth of 5.96%.

Unit: RMB'000

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Gross loans and advances to customers	<b>2,073,206,201</b>	<b>59.07</b>	2,056,093,345	60.15
Less: Loan impairment allowances <sup>1</sup>	<b>(52,273,846)</b>	<b>(1.49)</b>	(55,473,122)	(1.62)
Net loans and advances to customers	<b>2,020,932,355</b>	<b>57.58</b>	2,000,620,223	58.53
Net Investment	<b>1,008,627,727</b>	<b>28.74</b>	951,854,989	27.85
Cash and deposits with the Central Bank	<b>231,997,008</b>	<b>6.61</b>	201,911,645	5.91
Net deposits and placements with banks and other financial institutions	<b>72,413,652</b>	<b>2.06</b>	75,279,043	2.20
Financial assets held under resale agreement	<b>112,252,131</b>	<b>3.20</b>	122,681,971	3.59
Other	<b>63,298,698</b>	<b>1.81</b>	65,556,361	1.92
Total	<b>3,509,521,571</b>	<b>100.00</b>	3,417,904,232	100.00

Note: 1. Only the loan impairment allowances measured by amortized cost were included.

## Loans

At the end of 2023, the Group's loan balance was RMB2,073.206 billion, an increase of RMB17.113 billion compared to the beginning of the year, representing a growth of 0.83%.

### Loans classified by business

At the end of 2023, the corporate loan balance amounted to RMB976.825 billion, an increase of RMB105.061 billion compared to the beginning of the year, representing a growth of 12.05%. The individual loan balance stood at RMB883.572 billion, a decrease of RMB19.255 billion compared to the beginning of the year, indicating a decline of 2.13%. The discount balance was RMB206.728 billion, a decrease of RMB68.688 billion compared to the beginning of the year, representing a decline of 24.94%.

Unit: RMB'000

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	<b>976,824,794</b>	<b>47.12</b>	871,763,760	42.40
Including: Working capital loan	<b>724,233,565</b>	<b>34.93</b>	608,391,818	29.59
Fixed asset loans	<b>209,870,581</b>	<b>10.12</b>	220,171,453	10.71
Trade financing	<b>24,761,963</b>	<b>1.19</b>	9,667,199	0.47
Other corporate loans	<b>17,958,685</b>	<b>0.88</b>	33,533,290	1.63
Individual loans	<b>883,572,358</b>	<b>42.62</b>	902,827,141	43.91
Including: Individual housing mortgage	<b>266,542,293</b>	<b>12.86</b>	284,844,741	13.85
Credit card overdraft	<b>424,878,847</b>	<b>20.49</b>	439,688,628	21.39
Other individual loans	<b>192,151,218</b>	<b>9.27</b>	178,293,772	8.67
Discounted amount	<b>206,728,240</b>	<b>9.97</b>	275,415,821	13.39
Accrued interest	<b>6,080,809</b>	<b>0.29</b>	6,086,623	0.30
<b>Total</b>	<b>2,073,206,201</b>	<b>100.00</b>	2,056,093,345	100.00

Note: Discounted amount comprises the amounts of bill discounting, letter of credit discounting, forfeiting, and document negotiation of domestic letter of credit.

## Financial Statement Analysis

Loans classified by region

Unit: RMB'000

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	424,887,608	20.50	508,836,583	24.75
Yangtze River Delta	404,922,444	19.53	355,254,757	17.28
Pearl River Delta	501,566,769	24.19	486,941,810	23.68
Bohai Rim	305,659,459	14.74	270,886,686	13.17
Central and Western Regions	403,430,770	19.46	401,880,921	19.55
Overseas	26,658,342	1.29	26,205,965	1.27
Accrued interest	6,080,809	0.29	6,086,623	0.30
<b>Total</b>	<b>2,073,206,201</b>	<b>100.00</b>	<b>2,056,093,345</b>	<b>100.00</b>

Loans by type of collateral

Unit: RMB'000

Type of collateral	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Unsecured loans	902,610,963	43.54	821,311,366	39.95
Guaranteed loans	561,421,958	27.08	591,724,635	28.78
Loans secured by mortgages	544,450,511	26.26	561,000,988	27.28
Loans secured by pledges	58,641,960	2.83	75,969,733	3.69
Accrued interest	6,080,809	0.29	6,086,623	0.30
<b>Total</b>	<b>2,073,206,201</b>	<b>100.00</b>	<b>2,056,093,345</b>	<b>100.00</b>



*Top 10 borrowers*

At the end of 2023, the largest single customer loan balance of the Group was RMB7.121 billion, accounting for 0.34% of the total loan balance at the end of the period, and 2.18% of the net capital.

*Unit: RMB'000*

<b>Borrower</b>	<b>Balance of loans</b>	<b>Percentage of net capital (%)</b>	<b>Percentage of total end-of-period loan balance (%)</b>
Client 1	7,120,800.79	2.18	0.34
Client 2	6,859,260.00	2.10	0.33
Client 3	6,700,000.00	2.06	0.32
Client 4	6,112,256.67	1.87	0.29
Client 5	5,524,506.00	1.69	0.27
Client 6	4,000,000.00	1.23	0.19
Client 7	3,496,875.00	1.07	0.17
Client 8	3,402,000.00	1.04	0.16
Client 9	3,310,246.92	1.02	0.16
Client 10	3,227,678.91	0.99	0.16
Total	49,753,624.29	15.25	2.39

Note: The statistics of the top 10 borrowers include discounts.

## Financial Statement Analysis

### Investment

The Group's financial assets include trading financial assets, debt investments, other debt investments, other equity instrument investments, and long-term equity investments, which comprise securities, funds, beneficial interests, and equity investments.

#### Investments by accounting items

At the end of 2023, the Group's investment balance amounted to RMB1,008.628 billion, an increase of RMB56.773 billion compared to the beginning of the year, representing a growth of 5.96%.

Unit: RMB'000

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets held for trading	119,641,206	11.86	168,934,934	17.75
Debt investments	536,401,090	53.18	460,772,399	48.41
Other debt investments	347,714,836	34.47	319,798,875	33.60
Other equity instruments investments	4,870,595	0.49	2,348,781	0.24
Long term equity investments	-	-	-	-
Total	1,008,627,727	100.00	951,854,989	100.00

#### Investments by type of investment products

At the end of 2023, the Group actively supported the economic development by appropriately increasing investments.

Unit: RMB'000

Category	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	535,280,276	53.07	417,754,512	43.89
Central bank bills and financial bonds	327,066,741	32.43	315,306,519	33.12
Other bonds <sup>1</sup>	15,751,016	1.56	29,791,769	3.13
Other investments <sup>2</sup>	130,529,694	12.94	189,002,189	19.86
Long-term equity investment	-	-	-	-
Total	1,008,627,727	100.00	951,854,989	100.00

Note: 1. Other bonds mainly refer to corporate bonds.

2. Other investments mainly include investments in funds, beneficial interests of trust investment plans, beneficial interests of asset management plans, etc.

*Investments by remaining maturity**Unit: RMB'000*

Remaining maturity	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Undated	4,870,595	0.48	2,348,781	0.25
Within 3 months	93,768,538	9.30	144,705,798	15.20
3-12 months	138,686,632	13.75	165,608,477	17.40
1-5 years	510,667,158	50.63	385,999,760	40.55
Over 5 years	260,634,804	25.84	253,192,173	26.60
Total	1,008,627,727	100.00	951,854,989	100.00

*Long-term Equity Investments*

During the reporting period, the Group did not hold any long-term equity investments.

**Liabilities**

At the end of 2023, the total liabilities of the Group amounted to RMB3,232.537 billion, an increase of RMB76.482 billion compared to the beginning of the year, representing a growth of 2.42%.

*Unit: RMB'000*

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits from customers	2,181,525,472	67.49	2,169,898,457	68.75
Deposits from banks and other financial institutions	411,168,322	12.72	372,539,205	11.81
Financial assets sold under repurchase agreements	167,722,913	5.19	188,581,709	5.98
Bonds issued	276,173,702	8.54	291,719,133	9.24
Other liabilities	195,946,876	6.06	133,316,348	4.22
Total	3,232,537,285	100.00	3,156,054,852	100.00

## Financial Statement Analysis

### Deposits

At the end of 2023, the Group's customer deposit balance amounted to RMB2,181.525 billion, an increase of RMB11.627 billion compared to the beginning of the year, representing a growth of 0.54%. This increase was primarily due to the Group actively adjusted the structure of our deposit business, strengthened customer base development, and intensified efforts to expand high-quality customer relationships, resulting in a steady increase in deposit balances during the reporting period.

#### Deposits by business category

At the end of 2023, the Group's time deposit balance was RMB1,250.312 billion, a decrease of RMB11.619 billion compared to the beginning of the year, representing a decline of 0.92%. Meanwhile, the demand deposit balance was RMB892.850 billion, an increase of RMB16.508 billion compared to the beginning of the year, indicating a growth of 1.88%.

Unit: RMB'000

Item	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate deposits	1,561,780,683	71.59	1,611,801,805	74.28
Including: Demand deposits	733,985,178	33.64	726,086,464	33.46
Time deposits	827,795,505	37.95	885,715,341	40.82
Individual deposits	581,381,652	26.65	526,471,849	24.26
Including: Demand deposits	158,865,183	7.28	150,256,163	6.92
Time deposits	422,516,469	19.37	376,215,686	17.34
Other deposits	1,062,688	0.05	1,087,295	0.05
Accrued interest	37,300,450	1.71	30,537,508	1.41
<b>Total</b>	<b>2,181,525,472</b>	<b>100.00</b>	<b>2,169,898,457</b>	<b>100.00</b>

#### Deposits by remaining maturity

Unit: RMB'000

Remaining maturity	31 December 2023		31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Demand/spot	941,687,514	43.17	891,007,559	41.06
Within 3 months	343,913,367	15.76	1,037,890,740	47.83
3-12 months	349,924,233	16.04	71,658,223	3.30
1-5 years	542,383,094	24.86	169,044,326	7.79
Over 5 years	3,617,264	0.17	297,609	0.02
<b>Total</b>	<b>2,181,525,472</b>	<b>100.00</b>	<b>2,169,898,457</b>	<b>100.00</b>



## Changes in Shareholders' Equity

*Unit: RMB'000*

Item	31 December 2023	Increase in the current period	Decrease in the current period	31 December 2022
Share capital	21,789,861	–	–	21,789,861
Other equity instruments	44,991,071	–	–	44,991,071
Capital reserve	53,315,958	–	–	53,315,958
Other comprehensive income	3,529,726	2,869,734	–	659,992
Surplus reserves	17,387,359	1,579,861	–	15,807,498
General risk reserve	40,683,801	23,956	–	40,659,845
Undistributed profits	95,286,510	16,018,770	5,357,415	84,625,155
<b>Total shareholders' equity</b>	<b>276,984,286</b>	<b>20,492,321</b>	<b>5,357,415</b>	<b>261,849,380</b>

Notes: The main reasons for changes in shareholders' equity:

1. During the reporting period, the Group's retained net profit retained and undistributed profits increased.
2. The Group drew statutory surplus reserve based on 10% of the net profit of the bank for the year.
3. The increase in other comprehensive income for the period was mainly due to gains formed from the upward movement in fair value of financial assets measured at fair value through other comprehensive income.

## Cash Flow Statement Analysis

At the end of 2023, the balance of cash and cash equivalents of the Group amounted to RMB208.931 billion, representing an increase of RMB29.877 billion or 16.69% from the previous year.

The net cash inflow from operating activities was RMB86.292 billion, and the net cash outflow from operating activities in the previous year was RMB38.660 billion, mainly due to the net increase in deposits absorbed and deposits from banks and other financial institutions and borrowings from central banks in the current year, resulting in a net cash inflow, and the net decrease in deposits absorbed and deposits from banks and other financial institutions in the previous year, resulting in a net cash outflow.

The net cash outflow generated by investment activities amounted to RMB27.813 billion, a decrease of RMB107.384 billion from the previous year, mainly due to an increase in the cash recovered from investments during the year compared with the same period.

The net cash outflow generated by financing activities amounted to RMB28.721 billion, compared to a net cash inflow of RMB4.321 billion from the previous year. This was mainly due to an increase in cash payments for debt repayment compared to the previous year, a decrease in cash received from issuing bonds compared to the previous year, and no cash inflow from capital injections this year.

# Financial Statement Analysis

## Segment Reporting

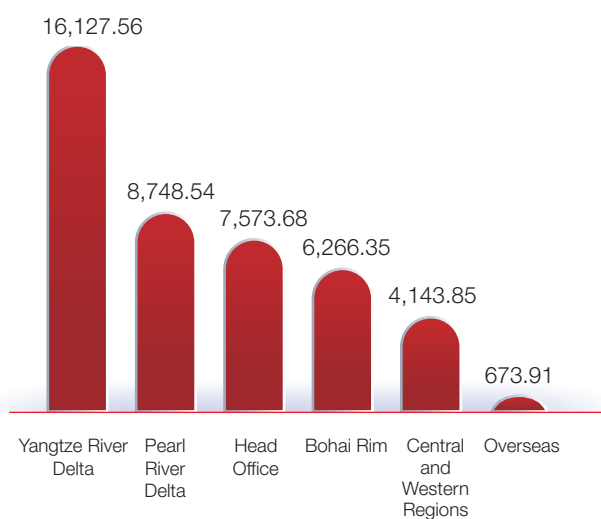
### Segment Operating Results by Region

Unit: RMB'000

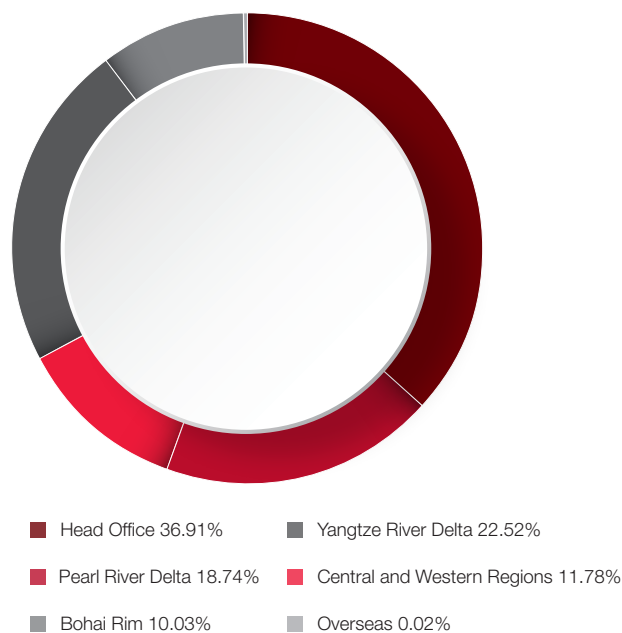
Region	Total assets	Operating income	Gross profit
Head Office	757,368,114	25,719,742	759,791
Yangtze River Delta	1,612,755,759	15,691,960	9,898,996
Pearl River Delta	874,854,434	13,056,440	4,308,291
Bohai Rim	626,634,635	6,989,741	3,158,075
Central and Western Regions	414,385,063	8,208,873	1,631,698
Overseas	67,391,313	11,552	(965,502)
Elimination among regions	(843,867,747)		
<b>Total</b>	<b>3,509,521,571</b>	<b>69,678,308</b>	<b>18,791,349</b>

### Total assets by region

Unit: RMB100 million



### Operating income by region



**Segment Operating Results by Business Type**

Unit: RMB'000

Business type	Total assets	Operating income	Gross profit
Corporate banking business	1,122,231,202	22,841,487	6,100,076
Retail banking and credit card business	888,890,614	37,472,183	5,009,523
Treasury operations and other business	1,498,399,755	9,364,638	7,681,750
Total	3,509,521,571	69,678,308	18,791,349

**Total assets by business category**



- Corporate banking business 31.98%
- Retail banking and credit card business 25.33%
- Treasury operations and other business 42.69%

**Operating income by business category**



- Corporate banking business 32.78%
- Retail banking and credit card business 53.78%
- Treasury operations and other business 13.44%

## Financial Statement Analysis

### Financial Position and Operating Results of the Group

#### Changes of Main Financial Indicators and Corresponding Reasons

Unit: RMB'000

Item	31 December 2023	31 December 2022	Increase/ decrease over the end of the previous year (%)	Brief reasons
Total assets	3,509,521,571	3,417,904,232	2.68	Increase in financial investment
Total liabilities	3,232,537,285	3,156,054,852	2.42	Increase in interbank liabilities
Shareholders' equity	276,984,286	261,849,380	5.78	Net profit retention
Net profit	16,018,770	15,528,254	3.16	Profitability remained stable, while credit costs decreased

#### Information of the Main Items with Changes over 30% in Accounting Statement

Unit: RMB'000

Major accounting items	31 December 2023	Increase/ decrease over the end of the previous year (%)	Brief reasons
Investment income	5,553,955	(34.92)	These three statement items are highly related and, when combined, represent an overall decrease of RMB155 million, or 2.28% over the previous year.
Gains arising from changes in fair value	878,965	N/A	
Foreign exchange gains	212,586	(66.89)	



## Other Financial Information

### Major Off-balance Sheet Items

Unit: RMB'000

Item	31 December 2023	31 December 2022	31 December 2021
Loan commitments	37,063,294	33,222,080	32,754,125
Bank acceptances	304,284,069	329,512,744	355,920,934
Letters of guarantees	60,408,210	58,801,983	51,161,449
Letters of credit	70,526,475	67,319,844	54,855,657
Financial derivatives	1,895,504,521	2,129,373,838	2,446,778,985
Capital commitments	4,564,266	5,889,542	4,835,374
Credit cards unused overdraft limit	853,128,231	850,341,459	807,857,673
Bonds redemption commitments	1,868,348	1,841,535	3,085,808

Note: Capital commitments only include capital commitments that have been contracted but not provided.

### Change in Off-balance Sheet Interest Receivable

Unit: RMB'000

Item	Opening balance	Closing balance
Off-balance interest receivable	10,246,245	6,738,080

Bearing in mind the “the overall interests of the country”, the Bank actively served major national development strategies, upheld the political and people-oriented nature of financial work, proactively integrated itself to the national development layout, and made significant efforts in the ‘five priorities’ including the development of technology finance, green finance, inclusive finance, pension finance, and digital finance. The Bank also worked hard to enhance its ability to support major strategies, key sectors, and weaknesses, and actively fulfilled its social responsibilities, demonstrating new responsibilities and new achievements in serving national interest.

## **Writing a New Chapter with Vigorous and Determined Endeavor Serving the Overall Interest:**



# Business Overview

## Corporate Finance Business

The Bank's corporate finance thoroughly implemented the decisions and deployments of the CPC Central Committee, and adhered to the leadership of Party building in business development. Relying on the resource advantages of China Life Group's insurance, investment and banking sectors, the corporate finance continued to enhance the quality of service to the real economy. Guided by a development philosophy emphasizing that "deposits fuel operations, assets reign supreme, revenue forms the bedrock, and asset quality is paramount", the corporate finance prioritized goals such as optimizing industries, excelling in sectors, diligently serving customers, and fortifying the client base. In addition, the corporate finance reinforced the construction of three key focuses: "customer operations, product marketing, and team management". These efforts have contributed to achieving balanced growth in the scale, quality, and efficiency of the company's operations.

## Corporate Deposits and Loans Business

Adhering to the decisions and deployments of the CPC Central Committee and the key national strategies, the Bank actively served the real economy, catered to the credit demand for manufacturing industry, and marketed green finance, strategic emerging industries, technical enterprises and other key areas for national economy and people's livelihood. The Bank steadily optimized the loan structure and increased the amount of high-quality corporate loans. At the end of 2023, the balance of corporate loans (including discounted business) was RMB1,183.553 billion, an increase of 3.07% from the beginning of the year, with the balance of general loans exceeding RMB1 trillion.

The Bank leveraged its comprehensive financial advantages to actively support the real economy, viewing the promotion of medium- and long-term loans in the manufacturing industry as a tangible action to practice the political and people-oriented nature of finance. The Bank strategically expanded its support to manufacturing enterprises aligned with national strategies and regulatory requirements. At the end of 2023, the loan balance for the manufacturing industry increased by 29.58% compared to the beginning of the year. Notably, the balance of medium- and long-term loans of the manufacturing industry increased by 48.09% from the beginning of the year. In addition, the Bank focused on strategic emerging industries such as next-generation information technology, high-end equipment manufacturing, the internet, and biopharmaceuticals, bolstering product innovation. Through implementing differentiated credit policies, the Bank provided enhanced support to these emerging sectors.

At the end of 2023, loan balances in strategic emerging industries increased by 50.69% compared to the beginning of the year. Adhering to the "two unwavering" principle, the Bank improved the long-term mechanism of "daring to loan, willing to loan, and able to loan", implemented due diligence and due care systems, and catered to the credit demand of private enterprises. At the end of 2023, the credit balance for private enterprises increased by 4.81% compared to the beginning of the year, and the number of credit customers rising by 19.20%. Loans to private enterprises have seen steady growth, with the customer base of private enterprises growing steadily, and the financing costs for private enterprises further decreased.

Fully embracing General Secretary Xi Jinping's thought on ecological conservation, the Bank focused on "green industries, green enterprises, green projects, and green products". In order to foster the steady development of green finance, the Bank intensified its focus on key sectors such as energy and automobiles, and diversified the system of green financial products by enhancing top-level planning, clarifying implementation strategies, refining policy frameworks, fostering synergy, and ensuring optimal resource allocation. At the end of 2023, the total balance of green loans across the Bank reached RMB154.367 billion, an increase of 65.43% compared to the beginning of the year. The proportion of green loans continued to rise. During the reporting period, the Bank was recognized with the "Best ESG Practice Bank" award from the Gold Pilot Award and ranked among the "Top 20 ESG Performers among Non-Listed Banks" by China Banking and Insurance Media.

Fully implementing the spirit of the Central Financial Work Conference, the Bank prioritized the development of technology finance and supported it with various working mechanisms and resources. The Bank upgraded the exclusive brand of science and technology finance, "intelligent financing for science and technology innovation", enriched the range of technology finance products and services, and introduced comprehensive service solutions throughout the entire lifecycle. In addition, the Bank actively engaged in financial support services for enterprises within technology industrial areas. In 2023, the Bank selected the first batch technology-focused branches, aiming to continuously enhance the level of professional services in technology finance. Meanwhile, the Bank enhanced its differentiated policy support and increased credit support to the science and technology industries. At the end of 2023, the loan balance of science and technology enterprises increased by 30.35% compared to the beginning of the year.



The Bank, with a core focus on “deposits fueling operations”, set “improving the quality and efficiency of the liability business” as our goal. The Bank followed six fundamental principles: strengthening transaction settlement, expanding the customer base, deepening relationships with core customer groups, specializing in advantageous industries, enhancing the application of product combinations, and maintaining a balanced approach to price and volume development. To achieve these goals, the Bank developed three deposit growth strategies focusing on “channels and scenarios”, “customers”, and “products”. These strategies provided an effective framework for frontline marketing by identifying customers through channel scenarios, tailoring products to customer profiles, and attracting deposits based on product features. Additionally, the Bank continued to expand its core deposits and consistently leveraged its flagship product portfolio to enhance the comprehensive marketing capabilities of its operating units. As a result of these efforts, the Bank saw an increase in the proportion of core deposits from corporate clients, a systematic reduction in the average cost of basic deposits from corporate clients and ongoing optimization of its deposit structure. At the end of 2023, the corporate basic deposit balance reached RMB1,561.781 billion.

### Cross-border Finance Business

To carry out the decisions and deployments of the CPC Central Committee, the Bank actively served the new development pattern of “Dual Circulation”, effectively played the role of cross-border business in serving the real economy and facilitating trade and investment, and steadily advanced the key task of “fully supporting the high-level opening-up”.

Fully leveraging the developmental advantages of being “rooted in the Greater Bay Area”, the Bank actively harnessed technology to facilitate cross-border finance, connecting our systems with the “Single Window” of the General Administration of Customs and the cross-border financial service platform of the State Administration of Foreign Exchange to offer convenient and secure financial services such as settlement, financing, and insurance to foreign trade enterprises. This further facilitated cross-border trade and investment for enterprises, and multiple measures have been taken to promote the implementation and effectiveness of foreign exchange and cross-border RMB facilitation policies. Meanwhile, the Bank drove high-quality development through high-level openness, and deeply advanced cross-border collaboration to facilitate the upgrading of foreign trade financial services.

The Bank actively promoted the implementation of cross-border e-commerce and market procurement businesses by facilitating the development of new forms and models of trade services. Following the launch of the direct connection model for cross-border e-commerce and the integrated payment solution “Guangshang Hui” in 2022, the Bank launched the cross-border e-commerce interconnection model in 2023. Meanwhile, the Bank introduced a comprehensive receipt services covering all major Amazon sites in the United States, Europe, Japan, and Australia, further broadening the scope of financial services for cross-border e-commerce enterprises and enhancing the convenience of collection and payment services. During the reporting period, the international settlement amount was USD105.471 billion, and the cross-border RMB settlement amount was RMB222.859 billion.

### “Supply Chain + Bill” Business

Implementing the decisions and deployments of the CPC Central Committee and the State Council on supply chain finance development, the Bank strengthened the responsibility of financial enterprises directly managed by the central government, actively promoted the linkage innovation of corporate bills and supply chain financial services, and provided efficient and convenient financing channels for enterprises by focusing on “protecting the chain”, “stabilizing the chain”, and “strengthening the chain”.

The Bank maintained the advantage of the “e-second” series of flagship products, optimized online product services, and launched functions such as online signing of bill contracts and batch processing for the new generation of corporate online banking for bills. The Bank broadened and deepened the scenarios of bill services by offering the integrated “eChain Discount” service, which integrates functions such as acceptance, discounting, and buyer-paid interest. In addition, the Bank upgraded the “e-second” bill discounting product in line with the demands of supply chain customers, optimizing workflows, and improving the efficiency and experience in online financing services.

Focusing on high-end manufacturing, construction, medical and health, and other key sectors, the Bank enhanced the supply of supply chain financial products and extensively promoted the comprehensive service of “Bao Fu Tong”. Furthermore, the Bank interconnected with core enterprises, third-party supply chain platforms and government data platforms, actively participated in the building of the industrial chain of core enterprises, and provided efficient and convenient financing channels for small and medium-sized enterprises upstream and downstream in the supply chain. During the reporting period, the Bank’s client base for supply chain financing continued to expand, with a year-on-year growth of 25.07% in cumulative financing customers.

# Business Overview

## Cash Management Business

The Bank was committed to fostering the high-quality development of the real economy. Focusing on constructing a modern industrial system, the Bank advanced the development of trade financing, payment settlement, and fund management through the establishment of an ecological platform. Guided by a “customer-centered” service principle, the Bank improved the service standards through the construction of scenario-based ecosystems and the upgrading of payment and settlement tools. Embracing digital transformation, the Bank created a novel service model to effectively support the execution of key national strategies. Cash management business witnessed steady enhancements in customers, products, scale, and services.

The Bank established a core business service platform for corporate finance, providing high-quality digital financial services for enterprises. The Bank added inclusive financial products such as credit loans and mortgage loans on mobile terminals, facilitating the convenience of inclusive finance. The Bank also rolled out a central state-owned enterprises treasury service scheme, encompassing six major product series, to drive the digital transformation of corporate financial management. Additionally, the Bank introduced a new B2B order payment service to help the efficient matching of information and capital flows for businesses. Furthermore, the Bank upgraded our corporate online banking 5.0 and corporate mobile banking 4.0 to further optimize the customer experience of online financial services.

Expanding its presence across various industries and refining its customer base, the Bank enhanced financial service system and enhanced capabilities and competitiveness in providing financial services within sectors such as healthcare, education, insurance, bidding, and fund supervision. Adhering to the development philosophy centered on scenario-based open banking, the Bank integrated various financial services to achieve interconnection and sharing with diverse scenarios and ecosystems. Leveraging the advantages of cash management services empowered by financial expertise, the Bank met comprehensive financial service needs of customers. At the end of 2023, the number of customers for “smart cash management” series products reached 42,600.

The Bank’s corporate electronic channels have put full-process online, covering business of corporate account management, payment and settlements as well as investment and financing, with 99% of basic transactions conducted online. At the end of 2023, the Bank had 371,500 corporate electronic channel customers, with a total transaction volume of 66.53 million and a transaction amount for RMB22.42 trillion.

## Investment Banking Business

The Bank firmly prioritized the crucial object of high-quality development, which is seeking progress while ensuring stability. Base on key businesses such as bond underwriting, merger and acquisition loans, syndicated loans, and joint investments with insurance companies, the Bank focused on financing needs of customers, accelerated product innovation to effectively enhance multiple investment banking services in terms of professionalism and comprehensiveness.

The Bank implemented multiple measures to provide enhanced support for key areas such as advanced manufacturing, technological innovation, as well as green and low-carbon initiatives, fulfilling the responsibility to serve the real economy and ensure the financial stability. During the reporting period, the Bank continuously assisted in corporate mergers and acquisition, reorganization, and industrial optimization, actively catering to the substantial financing needs of customers. Syndicated loans were disbursed for 95 projects in key strategic areas nationwide, mainly covering green finance, strategic emerging industries, advanced manufacturing, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and various national and provincial major projects, thereby ensuring the implementation of the “Five Priorities”. Additionally, the Bank concentrated on expanding the bond business, successfully introducing 12 innovative bonds. Meanwhile, the Bank further promoted digitalization progress, optimized systems for bond underwriting and trading, proprietary non-standard transactions as well as asset securitization transactions, continuously improved the intelligence on business processes and post-investment management, and provided full-ranged, diversified, and integrated solutions to meet the customer’s diverse financial needs.

## Corporate Customer Group

The Bank remained committed to advancing the development of three core areas: customer management, team management, and product marketing. Following the business strategy of “optimizing business in various sectors, refining business in different industries, solidifying customer relationships, and strengthening customer groups”, the Bank adhered to the client development strategy of “industrial chain + ecosystem + supply chain + scenario-based”, and the product development strategy of “differentiation + digitalization + full lifecycle”. The Bank intensified efforts in leveraging our products to attract new customers, reinforced customer loyalty, and nurtured distinctive advantages. In addition, the Bank deepened the management of corporate customers, strengthened the loyalty of customer cooperation, and bolstered the foundation for the corporate business growth. At the end of 2023, the Bank served nearly 440,000 corporate customers, with a 13.59% increase in valuable customers and a 13.43% increase in effective customers of settlement business compared to the beginning of the year. The Bank acquired 58,900 new corporate clients throughout the year.

### ***Deepening strategic customer engagement***

The Bank strengthened the professional management on major strategic customers at the head office level, enhanced industry studies, issued annual marketing guidance for key industries, and further optimized the strategic customer management system. Focusing on the four major areas of green finance, strategic emerging industries, real estate, and livelihood, the Bank launched industry-specific solutions for five key areas: technology, pharmaceutical and healthcare, power grids, tobacco and alcohol, and construction. Tailored financial service solutions were developed for head office-level strategic customers such as Poly Group, China National Pharmaceutical Group Corporation, Southern Power Grid, China Tobacco, and Luzhou Laojiao, based on the principles of “one chain, one policy” and “one client, one policy.” In addition, the Bank launched flagship products like “Yi Fu Tong” and “Bao Fu Tong,” actively offering supply chain financial services to head office-level strategic customers and expanding ecosystem customer groups.

### ***Enhancing institutional customer services***

The Bank focused on deepening cooperation with government institutions and banks, establishing a business ecosystem for government institutions that involves both corporate and retail customer groups, and improving the quality and efficiency of livelihood services to solidify our customer base. **The Bank continued to obtain business development qualifications.** During the reporting period, the Bank obtained new qualifications for government agency businesses, including the qualification for direct payments from the central government, nationwide electronic social security card services, and seven-day notification deposit services for the National Council for Social Security Fund. Notably, the acquisition of the direct payment qualification from the central government marked the Bank’s status as a fully licensed agent bank with three qualifications for central government treasury business. **The Bank improved the bond issuance capacities in local government,** and signed local government bond issuance consultancy agreements with 43 municipalities and 46 departments, servicing nearly a thousand projects with accumulated amounts exceeding RMB1 trillion. As the only invited joint-stock bank, the Bank conducted specialized training sessions on provincial and municipal special bond business for 12 departments including Department of Agriculture of Guangdong Province, the Water Resources Department of Liaoning Province, and the Development and Reform Commission of Ganzhou City. Through a package of specialized financial services, the Bank helped governments at all levels improve warehousing rate of projects. **The Bank expanded digital channels for customer acquisition,** and mainly rolled out eight digital products, such as digital law firms, digital hospitals (accounting processing centers), and digital education supervision, consistently enhance the quality and efficiency of customer service and meet diverse

needs of customers. At the end of 2023, the Bank served nearly 25,000 institutional customers, an increase of 2,388 compared to the beginning of the year. The average daily deposits of institutional customers reached RMB250.105 billion, an increase of RMB20.798 billion compared to the beginning of the year.

### ***Expanding branch customers***

Focusing on critical sectors such as advanced manufacturing, green finance, and strategic emerging industries, the Bank improved resource allocation and mechanisms, actively expanded high-potential customer groups to gradually increase the proportion of high-potential medium-sized customer groups. A three-year development plan for the foundational customer base was formulated, outlining the concept of “one target, two radii, three centers, four platforms, and five strategies”, as well as mid-to long-term customer development goals. Multiple measures were implemented to expand the foundational customer groups. **The Bank established customer acquisition channels,** organized channel expansion competitions, and guided branches to strengthen the expansion of batch customer acquisition channels to drive business growth. In 2023, the Bank directed branches to establish over 80 mass channels such as ZTE Corporation and Tongcheng Travel, bringing nearly 4,000 new customers. **The Bank enriched customer acquisition scenarios.** Launching digital series products such as digital HR, digital finance and taxation, and digital business travel, the Bank clearly defined the positioning of five major customer groups: manufacturing, retail chains, technology companies, pharmaceuticals and healthcare, and media and education, and facilitated customer development with digital products. **The Bank built a customer acquisition platform,** actively promoted loyalty points systems for customers of group affiliates, and launched comprehensive one-stop exhibition services to boost customer acquisition through exhibitions. **The Bank established the Guangfa ecosystem,** increasing customer equity. Focusing around customer growth lifecycle and business behaviors, the Bank built product service systems encompassing corporate customer settlement, financing, and value-added categories to enhance customer engagement. Meanwhile, the Bank deeply engaged with core enterprises, integrated into the entire industry chain and expanded high-quality customer groups across the “six major chains”: the industrial chain, investment chain, procurement and sales chain, capital chain, logistics chain, and relationship chain.

## Business Overview

### Corporate Finance Business Topics

Keeping a close eye on the country and providing high-quality services to the real economy

The Bank actively fulfilled the mission of being a domestic systemically important bank, striving to be the vanguard in serving the real economy and acting as the ballast in upholding financial stability. The Bank also implemented the requirements of structural reforms in financial supply-side, continuously strengthened the provision of high-quality financial services to major strategic sectors and key areas, as well as weak links, and fully supported the recovery of the economy.

**Implementing the decisions and deployments of the CPC Central Committee and supporting the strategic development of key regions.** The Bank clearly defined key regions, industries, and customer groups, and continuously intensified efforts in marketing and cultivating of high-quality projects. In addition, the Bank synchronized ideological understanding, elevated political positioning, and fully leveraged the comprehensive financial advantages of China Life Group. The Bank continuously increased credit support for key regions, and proactively served major regional strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, the integration of the Yangtze River Economic Belt, the Yangtze River Delta, as well as the Yellow River Basin. In addition, the Bank improved top-level design and further clarified development goals and refined work measures. Furthermore, by strengthening safeguard measures, the Bank integrated resources in key regions and fostered consensus on development to enhance the ability of financial services for coordinated regional development.



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**Focusing on key industries and serving the construction of modern industrial systems.** As a central enterprise in the financial industry, the Bank firmly fulfilled its mission and responsibilities, continuously implemented the decisions and deployments of the CPC Central Committee. The Bank remained steadfast in the role as the main force supporting the real economy, increasing credit support for manufacturing, green finance, strategic emerging industries, and technological enterprises. The incremental scale of the Bank's general corporate loans hit a record, with middle- and long-term loans for manufacturing, loans for strategic emerging industries, and green credit growing by 48.09%, 50.69%, and 65.43% respectively from the beginning of the year. Furthermore, the Bank fully provided financial support to guarantee house delivery, approving loan extensions and term adjustments totaling RMB35.359 billion for real estate enterprises eligible for relief in 2023.

**Strengthening operational empowerment at headquarters and continuously advancing service capability development.** Focusing on key areas such as high-end manufacturing, strategic emerging industries, new infrastructure development, and green and low-carbon initiatives, the Bank intensified efforts to foster sustained operations for relevant industrial chains, supply chains, and customer groups within ecological chain, thus establishing the Guangfa ecosystem. The Bank advanced the "Guangfa Tong" series of digital products and launched various series including "Yan Shang E Second Loan", "Yi Fu Tong", "Bao Fu Tong" and "Intelligent Financing for Science and Technology Innovation", aiming to create a differentiated competitive advantage. Furthermore, the Bank strengthened technological empowerment, continually enhancing the functionalities of the corporate "E Shopkeeper" APP to elevate the quality and efficiency of customer service.



## Enhancing the supply of scenario-based products and expediting the development of new productive power

Aligning with national strategic plans, the Bank focused on key areas to add financial vitality for the healthy development of the industrial chain and supply chain.

### Focusing on the payment requirements of core enterprises to develop scenario-based products.

Addressing the scenario where major core enterprises delay payments to upstream suppliers, the Bank focused on pain points in settlement and financing, advancing innovation by integrating bills and supply chain products based on the “E-second” product system. Additionally, the Bank promoted the comprehensive service solution “Bao Fu Tong” to meet the diverse needs of industrial chain customers, offering rapid payment collection, cost reduction, and efficiency enhancement. During the reporting period, the “Bao Fu Tong” comprehensive service solution served over 1,600 upstream clients of core enterprises, proving to be an effective tool for supporting the real economy and fortifying the stability and resilience of industrial chains.

### Focusing on the pain points and bottlenecks in key industries to build an industrialized ecosystem.

The Bank actively collaborated with core enterprises in key areas. Facing industry pain points and supply chain bottlenecks, the Bank endeavored to transform services towards “lifecycle services” and “full-scenario services” for users and assisted core enterprises in reshaping their business processes to achieve strategic transformation and construct an industrial ecosystem. For the automotive industry, the Bank developed intelligent supply chain products. Based on multiple stakeholders including automobile manufacturers, dealerships, and regulatory bodies, the Bank provided personalized and comprehensive service solutions by combining different business models and settlement scenarios. Customers can enjoy a full range of online intelligent services, including credit granting, account issuance, and vehicle management. In addition, for the bill settlement scenario, the Bank offered an “e-chain discount” service that integrates functions such as



acceptance, discount, and buyer-paid interest. This provided financing services for enterprises receiving bills under the supply chain scenario, streamlining operations for automobile manufacturers, and deepening cooperation with renowned manufacturers.

### Advancing digital transformation and upgrading to enhance the online financing experience.

By leveraging financial technologies, the Bank continuously improved the intelligence level of supply chain finance services. The “e-second supply chain” platform integrated various public channels such as portals and online banking, establishing a hierarchical management model of “product + project + customer”. This achieved intelligent assembly of products and processes, meeting the personalized needs of industrial customers in different business scenarios. In addition, the Bank actively built the core enterprise industry chain, revitalizing various assets including data. During the reporting period, the Bank cumulatively collaborated with 21 well-known supply chain platforms and core enterprises, providing efficient and convenient financing channels for small and medium-sized upstream and downstream enterprises within the supply chain.



# Business Overview

## Retail Finance Business

Centered on our customers, the Bank actively upheld the original mission of providing financial services to improve people's lives, supported the real economy, and promoted inclusive prosperity. With a focus on the "highlighting retail" business development positioning, the Bank advanced the further transformation of operation and management through "systematization, integration and digitization" and enhanced the ability to accurately understand customers and provide comprehensive services across all channels. Additionally, the Bank strengthened the construction of key areas such as consumer credit, wealth management, and open banking to support the high-quality development of retail business.

## Wealth Management Business

The Bank implemented a wealth management development concept of "people-centered", focusing on driving the growth of customers, AUM, and revenue through coordinated breakthroughs and channel expansions. The Bank continuously improve wealth management capabilities by upgrading products, benefits, and services to enhance customers' experience on wealth management service, and establish complementary business systems, product systems, training systems, and service support systems.

**The Bank increased its support for pension finance**, accelerating the opening and depositing of individual pension account and strategically arranging account opening appointment in non-pilot areas. Meanwhile, the Bank continually enriched product offerings to meet the diverse needs of individual pension customers, contributing to the development of the "pension finance" with the effort of the Bank. **The Bank built a brand for selected wealth management**, with "Guangfa Selected" custom fund—"Nanfang Haowen" ranking first in terms of fundraising among similar funds in 2023, and achieving new breakthroughs in the distribution of trusts and asset management products. **The Bank deepened the business linkage and collaboration**, and made solid achievements in nurturing back to advance the development of the core business, China Life's regular premium insurance business had again broke new records. Serving the national pension strategy, the Bank launched the first commercial pension insurance product of China Life for distribution. Vigorously promoting cross-industry alliances to acquire customers, the Bank jointly issued the first domestic JD PLUS co-branded debit card with JD. **The Bank strengthened technological innovation and reform**, focused on key business services, and continuously enhanced technological empowerment to improve product market competitiveness. The "Guangfa Wealth Platform" of the mobile banking was updated, with annual customer visits exceeding 500,000.

At the end of 2023, the Bank's personal deposit balance reached RMB581.382 billion, an increase of 10.43% compared to the beginning of the year. During the reporting period, the "'Wealth Smart Shopkeeper' digital wealth management innovation case" won the honor of "2023 Banker Annual Outstanding Case of Digital Wealth Management Innovation".

## Consumption Credit Business

Implementing the decisions and deployments of the CPC Central Committee, the Bank placed emphasis on serving the real economy and supporting the recovery and boosting consumption to enhance financial service capabilities. The Bank contributed to the stable and healthy development of the real estate market, promoting the "Mortgage Transfer" model. The Bank also made orderly adjustments to the interest rates for existing first-home mortgages, benefiting nearly 270,000 mortgage customers. Furthermore, the Bank facilitated the expansion and enhancement of consumption by introducing large-amount credit consumer loan products such as "Youxiang Loan", actively meeting the diverse consumption needs of our customers. The Bank strengthened the deep integration of technology and business, enhanced digital operational capabilities, continuously optimized operational strategies for credit consumption loan, and achieved steady growth in the scale of credit consumption loans. At the end of 2023, the balance of personal loans (excluding credit cards) of the Bank reached RMB458.694 billion, with a 2.08% increase in the balance of self-owned credit consumer loans compared to the beginning of the year.

## Credit Card Business

The Bank's credit card business adhered to the principle of financial services for the people, serving major national strategies, and actively integrating into the overall development. By tapping into the business of the existing customers, enhancing contributions from new customers, maintaining asset quality, and implementing cost reduction and efficiency enhancement measures, the Bank followed an intensive development path with Guangfa's distinctive characteristics to build a "moat" for high-quality business development.

### Refining customer group and building a comprehensive ecological scenario.

The Bank devised benefits activities for different customer groups by catering to their core needs. The Bank also launched the initiative of "selecting and exchanging preferred privileges after meeting the set goals" for young customers, covering four major popular areas among young adults: audiovisual, reading, fitness, and gaming. For business travelers, the Bank launched the highlight activity of "Exciting Hainan with Guangfa", with a focus on building a service system around high-speed rail, creating a "Credit Card + Business Travel" ecosystem. The Bank accelerated exploration of new trends and developed new consumption scenarios. For instance, the Bank collaborated with popular gaming IPs to jointly release IP card versions, engaging the otaku community and leveraging the subculture to attract young customers. Besides, the Bank integrated technology elements, deepening cooperation with Huawei through Guangfa Huawei Card. And the Bank comprehensively integrated into the ecosystem, continuously stimulating consumption with high-quality scenario benefits. Additionally, the Bank introduced super sports IPs to further explore customer acquisition in the sports and culture field, creating more financial services that cater to user needs through the integration of "Sports + Finance". The Bank continued to arrange its offline presence in high-frequency merchant scenarios for B-end customers, creating diverse, personalized, and high-frequency credit card consumption scenarios.

### Expanding consumption scenario and precisely building inclusive finance.

The Bank embraced the trend of online consumption and focused on the development of online scenarios. By attracting customers and conducting business within scenarios, the Bank forged deeply partnered with large online platforms to manage traffic. Leveraging convenient services such as card-less payment and one-click multi-binding, the Bank managed payment channels, focusing on the whole circle from bank card application, activation and usage, and improved customer loyalty through the multi-binding and frequent usage. The Bank divided its responsibilities for "new citizens". This included providing exclusive marketing policies for delivery personnel and online ride-hailing drivers, promoting the "Three Projects" aimed at improving the livelihood of residents in Guangdong Province, and offering personalized bank card version to customer groups such as Guangdong technicians and Chef in Southern Guangdong. The Bank optimized its one-stop financial service sector for "new citizens" to refine and upgrade their financial service experiences.

### Accelerating digital transformation and improving quality and efficiency through technology.

The Bank devoted to advancing the localization of credit card core systems, establishing a new transaction model centered around real-time

posting. In addition, the Bank upgraded engine processing for authorization, accounting, and other rules to adapt to the future development of credit card business with new digital technologies and technology management models. The Bank established a unified marketing platform that integrates six major modules: credit card issuance, installment, activation, collection, credit review, and business development, fully promoting the field sales platform for credit card. The Bank updated the "Discover Wonderful" APP and optimized the intelligent recommendation model. At the same time, the Bank launched new marketing activities, expanded lifestyle service scenarios, and explored virtual "Digital Human" service models to solidify the digital foundation for refined and personalized customer management. The Bank continued to improve enterprise WeChat private domain capabilities, establishing a comprehensive customer service matrix that connects APPs, corporate WeChat, WeChat official accounts, and mini-programs.

### Strengthening risk identification capabilities and outperforming market peers in risk controlling.

Enhancing governance at source and considering factors such as region, industry, and customer group, the Bank strictly controlled risk access in key areas through refined approval and credit management, and increased the allocation of new quotas for high-quality portfolio assets. The Bank also intensified efforts to alleviate pressure from high-risk exposures, expanding the application of multidimensional data modeling to upgrade the risk rating system. Building on this foundation, the Bank expanded early warning and control measures through event insights and behavioral detection. The Bank comprehensively applied strategies such as reduction of credit limits and transaction restrictions to continuously enhance our management capabilities in accurate identification and early withdrawal of high-risk assets. Furthermore, the Bank strengthened asset recovery, created a new pre-litigation mediation and collection model, becoming the first credit card center in the industry to apply this model on a large scale. Additionally, the Bank was the first in the industry to launch online outsourcing operation platform in the industry, achieving real-time collaboration between humans and machines and enabling institution-wide management.

As of the end of 2023, the Bank issued 118 million credit cards and achieved consumption of RMB2.22 trillion consumption. Core indicators such as the number of newly issued cards, return on assets, and non-performing loan ratio continued to maintain a leading edge among bank peers. Moreover, customer base building, loan balance, and operating income remained stable development. During the reporting period, the credit card business won the many honors, including the "Outstanding Customer Experience Retail Bank Award", the "China UnionPay Customer Service Sincere Collaboration Award", the "2023 Credit Card Excellent Partner for WeChat Credit Card Repayment Business", the "Top Ten Most Potential Legal Teams in the 2023 WELEAGAL Legal Compliance List", the "2023 Process Design Award of the Third China RPA+AI Developer Competition", the "2023 Process Value Award of the Third China RPA+AI Developer Competition", the "Best Unique Innovation Award of the 'Élan Award'", the "Typical Case Award for Elderly-Friendly Services of China Banking and Insurance Media", and the "Top Ten Digital Finance Cases of the Second 'Turing Points to Gold' Selection".

# Business Overview

## E-Banking Business

The Bank continued to deepen its online service matrix, with a focus on mobile banking and enterprise WeChat. This aims to enhance the capabilities of “customer reach – service delivery – direct interaction”.

The Bank released Mobile Banking 9.0, upgrading four major services: “Wealth Companionship”, “Discount Companionship”, “Care Companionship” and “Smart Companionship”. Taking the user perspective into account, the Bank completed optimization and redesign of the “Fortune”, upgraded the cross-border financial section, introduced a study abroad section, and upgraded Wealth Companionship services. To expand membership benefit scenarios, the Bank introduced the “Hui” member money-saving card, smart finance experience funds, credit card repayment-free signing amount and other benefits, and upgraded discount companionship services. In addition, the Bank upgraded and renamed the mobile banking “Care Version” to “Elderly Version”, high-lighting commonly used functions for the elderly such as deposits and convenient services, and upgrading Care Companionship services. The Bank also advanced the development of “Thousands Services for a Thousands Groups” service in our mobile banking, enabling personalized notification and display and upgrading Smart Companionship services.

The Bank deepened the connection with customers and strengthened the operation of enterprise WeChat. At the same time, the Bank enriched the content of enterprise WeChat information and expand its library of product and activity materials to create resonance across channels. The Bank also established a business process and strategy system for enterprise WeChat, enhancing the service experience based on the customer journey. By optimizing the process experience, the Bank accurately reached out to customers. Additionally, the Bank improved product experience by integrating into scenarios to efficiently respond to customer needs.

During the reporting period, the Bank’s mobile banking was listed on the “2023 Digital Finance Gold Award” jointly released by the China Financial Certification Authority (CFCA) and the Digital Finance Joint Promotion Year, and was awarded the “Outstanding award for Annual Comprehensive Strength”. Additionally, the enterprise WeChat of the Bank was awarded the “Annual Best Financial Technology Innovation Award” in the “Financial Digital Development Golden Award” released by the Financial Digital Development Alliance.

## Retail Customer Group

Adhering to the customer-centric principle, the Bank improved product and service supply capabilities, and deepened retail customer group service across all channels and cycle. The Bank refined tiered and segmented customer management system to meet individualized and differentiated customer needs and enhance customers’ sense of satisfaction and happiness with our high-quality financial services. At the end of 2023, the Bank’s customer assets under management reached RMB841.911 billion, an increase of 6.53% compared to the beginning of the year.

**Focusing on ecosystem scenarios and accelerating digital transformation.** Centering on the principles of “internal cohesion and external expansion”, the Bank actively collaborated with leading enterprises, strategic customers and third-party platforms to build a comprehensive financial ecosystem that is “online, scenario-based, and intelligent”. Furthermore, the Bank strengthened internal resource integration, optimized collaborative support mechanisms and advanced corporate-retail collaboration in depth to enhance the comprehensive financial service capabilities for both B-end and C-end customers.

**Aligning closely with customer needs and enhancing product supply capabilities.** With a customer-centered approach, the Bank continuously optimized products, services, activities, benefits and processes, and upgraded segmented customer product service solutions. Meanwhile, the Bank optimized asset allocation strategy recommendations, improved our financial service supply capabilities, and enhanced customer recognition and satisfaction. Deepening financial supply-side reform, the Bank upgraded scenario-based products such as “Smart Money”, “Social Security Assistant” and “Repayment Bao”, and launched the “Youxiang Loan” large-amount consumer credit loan and the “Hui Member Money-Saving Card” with unique benefits, enriching exclusive pension products.

**Adhering to the philosophy of companionship and improving service capabilities.** The Bank cultivated customers based on the circle of segmented and categorized customer groups. The Bank upgraded the “Guangfa Wonderful Gathering” membership growth system, continuously enriching the types of benefits and redemption channels. At the same time, the Bank improved online service capabilities and advanced the construction of online matrices such as mobile banking, enterprise WeChat and mini-programs, effectively improving our customer connection capabilities. Furthermore, the Bank continuously improved the professional abilities and service standards of marketing team, optimized omni-channel collaborative business model and constantly enhanced the ability to create value.

**Focusing on categorizing customer groups and strengthening the construction of batch channels.** With a focus on the financial and non-financial needs of customers, the Bank enhanced the expansion and operation of key channel scenes for high-value customers and provided exclusive products, benefits, services, and activity resources. Through online and offline methods such as enterprise WeChat communities, branch services, and “LeXiang Fortune” brand salon, the Bank contacted with more customers and enhanced the wealth management customer service capabilities.

**Enhancing private banking operations and improving customer service experiences.** Based on the comprehensive financial service needs of customers, the Bank expanded multi-dimensional service scenarios and created three major service models for private banking: a new model of corporate-retail collaboration, insurance and bank collaboration for high-value customers, and the asset management-business collaboration model. Furthermore, the Bank comprehensively enriched service content and elevated our specialized customer management capabilities.


**Retail Financial Business Topics**

Venturing into a new track in the “senior economy”, deeply cultivating the grand strategy of “pension finance”



The Bank has consistently adhered to the political and people-oriented nature of financial work, continuously improved professionalism, steadfastly implemented the decisions and arrangements of the CPC Central Committee, actively provided support services for “pension finance”, and fully leveraged the comprehensive advantages of finance and insurance. These efforts aim to contribute financial strength to the implementation of the national strategy for actively coping with aging population.

#### Improve the construction of product system based on synergistic advantages.

The Bank actively developed and introduced pension financial products that met the appetites of different investors, enriched its product range. In addition, the Bank collaborated with group members to promote the launch of a full range of products, and built a comprehensive pension financial product system covering deposits, wealth management, life insurance, pension insurance, funds, and other categories.

#### Strengthen the construction of rights system with a focus on customers.

The Bank actively explored the financial and life needs of middle-aged and elderly customers, clarified differentiated service positioning. The Bank also constructed a comprehensive benefits system covering medical care, food, housing, transportation, and entertainment, created “comfortable” services that extends pension financial services to all customer groups throughout their lifecycles, launched comprehensive financial solutions and exclusive health benefits to meet the needs of different customer groups, and provided customers with dual protection for wealth and health.

#### Optimize elderly-friendly service construction with heartfelt and emotional service.

The Bank built a matrix-style network financial assistance model for the elderly, consisting of “demonstration services + distinctive services + standard services + extended services”. The Bank continuously improved online channels for elderly-friendly and barrier-free services, created a comprehensive “online + offline” and “centralized + localized” full range publicity and education system, aiming to enhance the financial literacy and risk prevention awareness of the elderly population. Consumer rights protection was integrated into the entire customer service process, with a focus on educating and accompanying investors.

#### Enhance the quality of customer service by optimizing customer experience.

The Bank studied customers’ usage of our main products and services from multiple dimensions such as products, services, processes, and marketing, explored customer needs, and benchmarked against advanced peers. Guided by the pension finance concept, the Bank established a comprehensive “ecosystem” for pension services that covers health care, pension and wellness, and healthy social interactions. The Bank also conducted overall planning for the elderly customer group and improved the customer service experience.



## Business Overview

### Promoting high-quality consumption to facilitate high-quality development

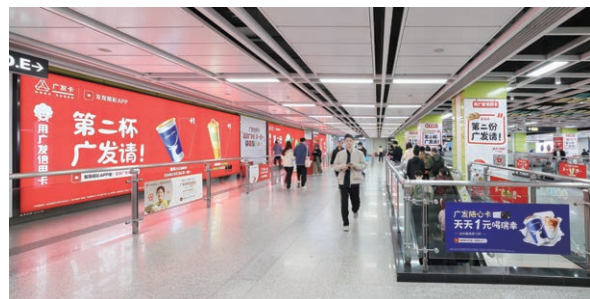
Currently, the credit card market has gradually entered a stage of stock competition, with refined business operations becoming a key factor in winning the industry's homogenized competition. At the beginning of 2023, CGB's credit card department anchored its core strategy on upgrading consumption quality as a means for high-quality development throughout the year. Throughout the year, the Bank made unceasing efforts in the essential consumer sector, representing by dining sector, and constantly pursued the enhancement of financial consumption services with high quality. The Bank intensified the development in cultural tourism, business travel, overseas consumption, while also continuing to explore new trends by extending online consumer services to more scenarios and demographics.

**Serve the essential needs of the people to build a solid foundation for consumption.** With the notion of "people-oriented", the Bank's credit card business quickly catered to essential consumer needs, continuously focused on high-frequency consumer services to meet the public's living needs. In vibrant offline consumption scene, the credit card business of the Bank focused on commercial districts, and leveraging regional characteristics to expand cooperation in dining, retail, and other businesses, which covered hundreds of high-quality commercial districts in nearly 50 cities, actively promoted consumption, intensified fee reduction and concession efforts by offering activities such as major restaurant 50% off on Fridays, daily promotions, WeChat payment discounts, etc., leveraged the credit card's credit capabilities to boost consumption. In terms of public travel, the credit card business of the Bank was committed to creating a car ecosystem through their car owner card series products, launching activities such as fueling, charging, car washing, maintenance, etc., to serve the needs of car owners for car maintenance and travel consumption. In response to the growing market for new energy vehicles, the Bank offered new cardholders discounts on household electricity and vehicle charging expenses, backing green travel consumption.

**Deepen focus on high-quality scenarios to enhance consumption quality.** Business travel scenarios represent consumption quality and are valuable opportunities for credit cards, which get the credit card issuer to battle for the market share and rival against each other in terms of personalized services. Based on our 20-year experience and resources accumulation in business travel services, the Bank's credit cards formed an ecological landscape of "credit card + business travel",

servicing millions of business travelers. Around the business travel scenario, the Bank launched a series of activities with airlines, and the "Guangfa Wonderful Hainan" became a highlight in the business travel industry, financially drive the construction of free trade ports. The Bank was the first to launch a service system centered on high-speed rail within the industry, becoming an important part of the "credit card + business travel" ecosystem. Services such as train ticket purchases, high-speed rail station dining, train dining cars, VIP lounges, etc., were all included in the high-speed rail scenario, leveraging the inclusive financial value of credit cards, using credit card points to drive growth in high-speed rail ecological consumption. Under full waiver of fees for all card types and a series of overseas promotion activities carried out in collaboration with card organizations, the total overseas consumption volume of the Bank's credit cards increased significantly.

**Expand online channels to closely follow consumption trends.** "Consumer touchpoints, consumption content, and consumption scenarios" are the three key elements of consumption, which are crucial for converting consumption capabilities into actual spending. For credit cards, supporting high-quality consumption development requires grasping new trends in digital economy scenarios. The Bank's credit cards collaborated with Huawei to launch the Guangfa Huawei Card, creating users loyalty through personalized benefits and scenario ecosystems, forming a closed loop of "product – benefits – users". By achieving a triple win situation among the Bank, partners, and users, we focused on cashback rewards, continuously leveraging consumption leverage with preferential benefits. The Bank's credit card business continuously conducted refined consumption-promoting activities based on online scenarios, collaborating with payment platforms, online e-commerce platforms, and top brand merchants to offer activities such as instant discounts on first bindings, consumption discounts on reaching a certain amount, and 50% off promotions, stimulating users and constantly enhancing the public's willingness to consume, increasing consumption activity and momentum. The Bank's credit cards deepened our customized application on our platform, precisely identifying customer preferences for precise marketing, upgrading the "customer loyalty" program, creating a better online consumption point redemption experience for customers, and driving an increase in online transaction consumption with our credit cards.





## Financial Market Business

The Bank focused on the business development positioning of optimizing the financial market. Guided by high-quality development, we resolutely implemented the national strategy, and actively served the real economy, pursuing progress in financial market business while ensuring stability. During the reporting period, the Bank's interbank asset and liability structure continued to optimize, operational efficiency saw robust growth, the breadth and depth of interbank financial cooperation continued to expand, the scale of asset custody business grew rapidly, quantitative financial transformation made a solid start, risk prevention and control mechanism was timely and effective, and the foundation of digital operations were gradually improving.

## Financial Institution Business

The Bank adhered to the “customer-centered” service principle, providing high-quality comprehensive financial services to our interbank clients, effectively expanding the breadth and depth of interbank cooperation. The Bank continued to improve the interbank customer credit management and interbank counterparty access management mechanism, and strengthened risk prevention and control, promoting the steady development of interbank asset and liability businesses. Focusing on “serving as a specialized bank for the insurance industry”, we integrated resources to steadily enhance our interbank payment and clearing service. Emphasizing the transformation of asset-light and capital-light, we provided the “Guangfa scheme” covering the Cross-Border Interbank Payment System (CIPS), financial factor market, and third-party custody for banks and securities. We expanded our correspondent bank network, and improved interbank channel construction, serving high-standard opening up. Meanwhile, we deepened the digital transformation of interbank clients, empowering operation management through multi-scenarios and multi-dimensions of interbank data governance.

At the end of 2023, the Bank's financial institution customers covered banks, wealth management companies, insurance, securities, trusts, funds, financial leasing, finance companies, auto finance companies, consumer finance companies and other types of financial institutions. The Bank has established SWIFT RMA relationship with more than 1,000 financial institutions in 96 countries and regions around the world. The total number of CIPS indirect-participant customers of the Bank ranked 4th among the joint-stock commercial banks.

## Financial Market Business

The Bank actively responded to market changes, promoting the comprehensive development of financial market business in terms of scale, efficiency, and quality. Embracing the concept of “the overall interests of the country”, the Bank improved the level of business operations, strengthened customer service capabilities, and enhanced market competitiveness, and maintained stable operational results.

**In terms of market making and proprietary trading,** the Bank is a primary dealer in the open market, a Shibor quotation bank, a member of the underwriting group of treasury bonds and policy financial debts, and a market maker of RMB exchange rate, bonds, derivatives, notes and precious metals. During the reporting period, the Bank continued to enhance operational level and investment trading capabilities in the financial market business. The Bank actively fulfilled its obligations as a market maker, seized market opportunities, optimized allocation strategies, improved operational efficiency, and strengthened risk compliance management, leading to a significant growth in transaction volume.

**In terms of customer transaction services,** the Bank focused on the origin of finance, served national strategies, and provided customer financial products and services, including exchange rate, interest rate, precious metals, bond underwriting and distribution, promoting high-quality financial development and supporting the economy to secure progress while ensuring stability. The Bank served the national strategy of coordinated regional development, and actively participated in the underwriting and distribution of local government bonds, credit bond investment, and enterprise foreign exchange trading services in the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, “the Belt and Road” and other national key development regions, supporting technological innovation, advanced manufacturing, green development, and inclusive finance, actively serving the real economy, and promoting further opening up.

**In terms of wealth services,** the Bank kept abreast of customer needs and continuously strengthened the research and development of structural deposit products. During the reporting period, we continued to enrich product offerings, meticulously crafted featured products tailored for holidays, regions, and customers, and launched foreign currency and regular open-ended products, providing investors with comprehensive, flexible, and diverse wealth management tools.

**In terms of technology empowerment,** the Bank continued to advance the digitization transformation of investment and trading businesses, improved the construction of automated market making quotation systems, and continuously enhanced the online and direct connection level of our operations. By inserting risk compliance management function into the system, we achieved risk prevention and control covering the whole-process of “pre-event, mid-event and after-event”.

During the reporting period, the Bank won the honors of the “Best Foreign Currency Lending Member in Interbank Foreign Currency Market” and “Best Technical Service Support Institution in Interbank Foreign Exchange Market” of the China Foreign Exchange Trade Center, “Excellent Financial Member (Third Prize)” of the Shanghai Gold Exchange, “Excellent Underwriter”, “Social Responsibility Award” and “Promoting High-standard Opening-up Award” of the Export-Import Bank of China, and “Excellent Underwriter for Financial Bonds”, “Special Financial Bond Award” of the China Development Bank.

# Business Overview

## Asset Custody Business

With high-quality development as our top priority, the Bank thoroughly implemented the decisions and deployments of the CPC Central Committee, continuously strengthened customer service, and focused on product innovation, improved the quality and efficiency of operation, and maintained high-quality development of the asset custody business.

**The Bank served the implementation of national strategies,** and added new business varieties directly invested in the real economy such as insurance debt plans and equity plans, in order to serve the real economy and support regional development. **The Bank continued to deepen the cooperation between insurance companies and the Bank,** and continuously optimized cooperation mechanisms, to achieve full coverage of custody business for all important investment units within the China Life Group, surpassing over RMB1 trillion in the scale of insurance-banking cooperation. **The Bank focused on public offering fund business,** clarified marketing strategies, allocated marketing resources, promoted successful cases, and improved operational services, hitting a record in the scale of public offering fund custody. **The Bank continued to obtain business development qualifications.** The Bank was approved for important business licenses such as “Overseas Customer Margin Depository Bank of Dalian Commodity Exchange” and “Settlement Bank of China Insurance Asset Registration and Trading System Co., Ltd.”, further broadening the development channels of custody business. **The Bank enhanced comprehensive industry-finance cooperation.** The Bank has officially become a member unit of the Dalian Commodity Exchange’s industry-finance incubation base, and served the high-quality development of related industries through bank-futures cooperation, further expanding the influence of our custody business. **The Bank used technology to empower business development.** The Bank continuously advanced the construction of a “one body, two wings, three combinations and four supports” system for the custody business, and the construction of a digital management system, deeply promoted digital transformation, and enhanced the application efficiency of custody data platforms, improving the responsiveness of custody services. At the end of 2023, the Bank’s asset custody and outsourcing business amount reached RMB3.79 trillion, and the annual commission income from custody business totaled RMB581 million.

## Wealth Management Business

The Bank has established an investment research system focusing on fixed income investment and multi-asset allocation for wealth management business, created a product matrix of “five series and more than 15 sub-categories” based on the characteristics of risk and income, and established a multi-asset, multi-strategy, 7x24 net worth product system, realizing the leap from a low-risk wealth management expert to a professional all-asset management brand. We have created a safe, professional and efficient information technology ecosystem, and enhanced our ability to provide differentiated financial technology services, achieving sustained and positive growth in the amount of net worth wealth management business and the number of wealth management customers for 2023. For the business development of CGB Wealth Management Co., Ltd., please refer to “Business Overview – Main Holding Subsidiaries”.


**Financial Market Business Topics**
**Deepen CIPS product innovation to serve RMB internationalization**


The Bank thoroughly implemented the spirit of the Central Financial Work Conference, leveraged our financial technology advantages and deepened CIPS product innovation, helping enterprises go global and serving RMB internationalization and high-standard opening up.

**The Bank achieved significant business results.** In accordance with the requirements of the State-owned Assets Supervision and Administration Commission for the construction of treasury of central enterprises, we strengthened our service awareness, enhanced our service capabilities, and continuously optimized products such as CIPS account centralized visibility, providing CIPS treasury management services for several central enterprises. As one of the first pilot banks in China, we launched a new product, namely “CIPS Full Amount Remittance”, simultaneously in our domestic and Hong Kong-Macau branches, offering customers a new experience in cross-border payments with “full amount remittance, locked-in fees, real-time tracking, and high efficiency and convenience”. At the end of the reporting period, the Bank ranked 10th among the 139 direct participant banks in the world in terms of the total number of CIPS indirect-participant customers, with the total transaction amount increasing by over 40% year on year.

**The Bank received multiple industry honors.** We have been repeatedly awarded titles such as “CIPS Product and Service Promotion Star” and “CIPS Product Business Leader” by the Cross-Border InterBank Payment System Co., Ltd., continuously enhancing our reputation and customer service efficiency in fields such as CIPS cross-border payment settlement and central enterprise treasury management.

**Focus on the needs of the real economy to enhance the quality and efficiency of custody service**


The Bank adhered to the ultimate goal of serving the real economy, continuously enhanced the intensity, breadth, and precision of support for the real economy, made full use of the role of the custody business as a bridge in the financial field, fully improved our work efficiency and supported the high-quality development of custody business with high-quality financial services.

**Service to the real economy continued to expand.** The Bank actively served the implementation of major national strategies and regional economic development, and the scale of custody services directly invested in the real economy exceeded RMB70 billion, facilitating the innovative development of enterprises. We introduced several major custody projects for financial risk disposal, effectively maintaining financial stability.

**Insurance-banking cooperation continued to deepen.** The Bank made full use of the role of the custody business as a bridge in financial services, strengthening communication and resource integration between custody business and China Life Group’s members. We established custody business cooperation with property and casualty insurance companies for the first time, achieving full coverage of custody services for all important investment units within the China Life Group. The amount of our cooperation with insurance companies surpassed RMB1 trillion, reaching a major milestone in our cooperation with insurance companies and obtaining high recognition from customers for comprehensive custody services.

**Industry-finance cooperation continued to strengthen.** The Bank continuously improved the qualifications of custody services, made innovation in custody service scenarios, and was granted the licensing of “Dalian Commodity Exchange Industry-finance Incubation Base”. Through cooperation with futures companies, we have constructed a new model of custody services for the upstream and downstream industrial chain, on the basis of industry-finance service bases, providing comprehensive financial services to customers within the industry.

# Business Overview

## Financial Technology

The Bank accelerated the promotion of our digital transformation, designating 2023 as the “Year of Digital Business Capability Building”. The digital strategy and organizational mechanisms were basically established, digital business service highlight projects continued to be implemented, data management and data service levels were continuously improving, and the digital technology foundation was rapidly perfected, comprehensively empowering operational management to enhance quality and efficiency. During the reporting period, the Bank’s technology investment totaled RMB3.732 billion, a year-on-year increase of 0.67%, accounting for 5.36% of the Group’s operating revenue. At the end of 2023, the Bank’s information technology personnel totaled 2,199, up an increase of 5.06% compared to the beginning of the year, accounting for 5.95% of the total employees of the Bank.

### Enhance the construction of the science and technology governance system to create an efficient transformation organization

**Strengthen digital coordination management.** The Bank has formulated the “1+3” Rectification Plan for Strong IT Management, strengthening technology governance from four aspects: top-level design, network and data security management, full-process control of technology lines, and management of credit card centers and branches. Also, the organizational leadership of the Bank’s network and data security work was more powerful, with steady progress in the IT supervision ranking. We have established a data security governance system under which the head of the Bank assumes the overall responsibility, one level controls another level, and matters are implemented level by level, and implemented the Party Committee’s data security responsibility system, constructing a hierarchical control and whole-lifecycle security protection system for data security. We strengthened full-process control of technology lines and focused on strengthening the management of technology planning, IT demand management, technology regulations, technology innovation, technology outsourcing and others, effectively leveraging the efficiency of coordination mechanisms.

**Establish a digital organizational mechanism.** The Bank has formulated the Guangfa Digital Transformation Work Plan for 2023, promoting digital transformation with the theme of “building digital business capabilities”. Meanwhile, we organized and promoted seven major areas of special action plans for front-office businesses and middle – and back-office operational management departments, and incorporated indicators such as digital customer acquisition into the assessment scheme for operating units, forming a lightweight digital assessment system for the Bank. The Bank continued to implement a batch of key projects, continuously empowering business development and operations.

**Focus on digital talent cultivation.** The Bank has launched a financial technology talent certification project. This driven the learning records to exceed 1,800 persons, with 343 new certifications issued for digital product managers, and a total of 542 certified digital product managers. We held the third New Sprout Innovation Competition, the fourth Cyber Security Attack and Defense Skills Competition, the fourth “Hacker Marathon” Competition, and special training sessions at Guangfa Lecture Hall to explore grassroots innovation cases and talents, enhancing employees’ digital capabilities, and effectively increasing efforts in cultivating digital talent.

### Implement the new development philosophy to serve national development strategies

The Bank implemented the national strategy of innovative

development, continually strengthening self-reliant and controllable technological capabilities. We made a smooth switch to put the distributed banking core systems and credit card core systems into production, realizing the one-time migration of core systems from centralized structure to distributed structure. This provided strong support for enhancing product service innovation, refined management, and scenario-based business capabilities. We vigorously developed inclusive finance, empowered product construction on agriculture, rural areas and rural people through technology, and promoted innovative optimization of “Farmer Benefit E-loan” products, supporting financial services for rural revitalization efforts. We expanded the value of supply chain finance, enhancing the service capability to connect with third-party platforms. At the end of 2023, a total of 21 third-party platforms were connected. We innovatively launched the “Baofutong” product, optimizing the factoring financing model. Moreover, we promoted innovation in pension finance supply, improved the service system for individual pension products, completed the docking of the banking and insurance trust platform and the Ministry of Human Resources and Social Security of the People’s Republic of China 4.0 interface, and expanded service channels, strengthening service support for the elderly. We fully implemented national policies and arrangements, and actively responded to regulatory requirements to reduce the interest rate of the existing first-home loan, and launched the modes of batch conversion and self-service application, and successfully completed the task of reducing the interest rate of the existing home loans. We strengthened protection of consumer rights and interests, constructed the smart consumer protection project, and implemented full-process monitoring of customer experience covering before, during, and after the business process, enhancing the quality and efficiency of customer service.

### Advance the construction of data management system to enhance management and service capabilities

**Improve the data governance system.** We earnestly implemented the requirements of regulatory data governance guidelines, completing the formulation and revision of relevant regulations. We enhanced the specific roles and responsibilities of senior management, departments of head office and branches, and units related to regulatory data submission in data quality management, to enhance the standardization, completeness, and executability of the data governance work.

**Enhance data quality management level.** Focusing on improving the quality of data which reported to regulatory authorities, we established a mechanism for classifying and labeling problems for rectification, and built an enterprise-level data quality validation platform. We formed a closed-loop management system for data quality monitoring and rectification in regulatory reporting data tables such as EAST, anti-money laundering, and 1104. We established an AI-assisted enterprise-level data standard control system, winning the second prize of the “Financial Technology Development Award” from the People’s Bank of China. Also, we identified the data asset elements of critical customer information and developed customer critical information data models and standards, comprehensively enhancing customer information control and application levels.

**Advance the construction of data platform capability.** We continued to improve the efficiency of data sharing strategy generation and expanded data sharing with our branches. The accumulated data tables in the branch data lake exceed 2,000, providing tailored data sharing services to 35 branches through the “service + self-service” mode. We promoted the optimization construction of the data union privacy computing platform, achieving precise activation through joint exploration and modeling technology, with approximately 900,000 activated



customers and 1.42 million new transactions. The platform successfully passed the evaluation of the China Academy of Information and Communications Technology, a third-party authority in the industry, reaching the industrial-grade product level in the industry.

**Strengthen data comprehensive application empowerment.** Through the management system of data models and the construction of a big data platform integrating lake and warehouse system, we continuously improved the data value cycle system of “viewing, using, evaluating, and governing,” promoting the rapid application of data services in flexible and diverse business scenarios. We continuously improved the retail post-evaluation system and success criteria system, and established more than 800 common post-evaluation indicators for similar activities, shortening the time of activity effect analysis from 2 weeks to 1.5 days.

### Strengthen product and service construction to promote high-quality business growth

**In terms of retail business,** the construction of retail smart brain project has made significant progress. The “E shopkeeper” app, a full-view integration tool, has been promoted in branches, to empower customer management, product management, performance management, and team management in an all-round way, effectively enhancing customer connection marketing efficiency. We launched over 300 “quantity, quality and result” index systems, established a multi-channel customer marketing system on the unified marketing platform, and provide strong tool support for customer marketing management, resulting in a 30.5% increase in activity volume as a whole. We completed the upgrading and revision of Mobile Banking 9.0, including sections on wealth and benefits, driving a 69% year-on-year increase in transaction amounts. With over 7.5 million monthly active users, we ranked 8th in the 2023 Sina Finance Mobile Banking APP evaluation, achieving the best result to date. Furthermore, we enhanced the channel wealth service capability, upgraded the product matrix of smart gold, funds, wealth management, and insurance, and introduced functions such as digital human and automatic investment of wealth management in the wealth management section, providing customers with a more convenient, efficient, and secure service experience.

**In terms of Credit Card Business,** we released the Discover Wonders app 8.0, to create a rich consumer ecosystem including shopping, dining, and travel, with over 18 million monthly active users. The construction of the credit card field sales platform “E Seconds Issue” app provides a unified field sales tool covering the full lifecycle of credit cards, with multi-scenario integrated service capabilities such as card issuance, activation, collection, merchant development, remote approval, and more, improving the service efficiency and quality of credit card channel personnel. We established an integrated credit card operation system, providing end-to-end one-stop operation capabilities from touch point management, activity/card issuance strategy deployment to evaluation of results. This has realized one-stop configuration of parameters and some marketing activities by business theme, with the overall coverage of operation scenarios exceeding 70%, improving operation efficiency by 30%.

**In terms of Corporate Business,** the Bank improved channel customer acquisition, and launched Cash Manager 4.0, Enterprise Mobile 4.0, Corporate Internet Banking 5.0, and Bank-Enterprise Direct Connection 2.0, achieving a 90% coverage rate of corporate customer electronic channels. We

retain customers with our ecosystem through the creation of the “Guangfa Connection” (Guangfa Salary, Guangfa Finance, Guangfa Travel) product brand series, providing tools for human resources management, financial management, and expense reimbursement. This has comprehensively helped customers involved in the business operation process, achieving corporate active customer retention and acquisition. Also, we realized systematic customer management through the completion of the second phase of the new-generation CRM for corporate customers, achieving centralized operation and maintenance management of corporate products, and enhancing the intelligence and digitization of performance assessment.

**In terms of the financial market business,** the Bank promoted innovation in financial market segment products, with the completion of the China Foreign Exchange Trading Center Icapi acceptance, expanding the smart trading market for foreign exchange. We built a new tool to expand customers through the establishment of a quantitative finance platform, to build the independent trading capacity of derivatives, driving fund and wealth management product sales. Also, we launched new business models such as “Wealth Income Center”, “Smart Treasure”, automatic investment of wealth management, and pension wealth management, achieving diversification of models and supporting flexible switching.

### Advance the construction of digital operational capability to empower business improvement and efficiency enhancement.

**Advance infrastructure construction.** The Bank actively and steadily promoted IPv6 transformation work, achieving IPv6 dual-stack capability foundation for interconnecting internet services across two locations and three centers. We built the “Infrastructure as Code (IaC)” framework for the multi-cloud resource management platform, increasing resource delivery efficiency by over 50%. We promoted the construction of an intelligent operation and maintenance system, completed the upgrading of the centralized monitoring platform, fully supporting the monitoring of key components such as distributed banking core systems. During the reporting period, the Bank was awarded the 2022 China IDC Industry Green Contribution Award and certified as “Outstanding Contribution Unit for Financial Cyber Security Situation Awareness Platform Intelligence Support”.

**Strengthen risk control capabilities.** The Bank promoted the construction of Basel III project group, completing the establishment of credit risk, operational risk, and market risk pillar systems. We constructed the “Enterprise Information Connection” based on knowledge graphs to create inhouse query products, providing comprehensive customer information and relationship query services for the Bank. We developed tools such as corporate customer risk profile systems, retail credit risk control systems, and a unified management view of post-credit tasks to enhance credit digital operational management capabilities. The new generation anti-money laundering system model and rule optimization have achieved good results, with an overall alert rate increasing by 10% year-on-year. Moreover, we fully utilized technological means to enhance risk identification capabilities, and self-developed neural network pre-trained NLP models to enhance intelligent outbound risk control capabilities.

**Enhance operational management capabilities.** We implemented the ECIF system reconstruction project to provide solid customer basic information services for various business systems. We carried out deepening pilots of electronic voucher accounting data standards,



## Business Overview

completed the transformation of 11 systems and achieved the application of 9 types of electronic vouchers at the receiving and issuing ends, laying the foundation for deepening the application of digital electronic invoices. We built a centralized intelligent operation platform to form a unified task pool for process banks and remote authorization. Additionally, we promoted the reconstruction of the operational risk control platform to form an integrated control platform for “operation data aggregation, management aggregation, and risk control aggregation”. Taking RPA as a pilot, we launched visual display management dashboards, and quantified the effectiveness of process operation control. Furthermore, we introduced digital tools and intelligent verification platforms for regulatory data reporting, solidify various statistical forms based on the BDP platform tools, releasing manpower for daily statistical work and improving the quality of reporting.

**Support internal management transformation.** We promoted digital management of human resources, and established a “data quality supervision dashboard” and a standard system for human resource information items, laying the data foundation for digital management and applications. We built a manpower cockpit platform, launched digital ecological service tools such as manpower views and cadre portraits, providing decision-making basis for management selection and assessment. Moreover, we facilitated the intelligent operation of financial management, built an intelligent business analysis platform, established a financial risk supervision system, upgraded accounting engines, created a bank-wide business travel platform, and realized integrated financial control, enhancing our digital business analysis and financial risk prevention and control capabilities.



### Financial Technology

#### Empower retail business operation with digital transformation to improve quality and efficiency

The Bank accelerated the digital transformation of our retail business, and promoted the two-way integration of business data and data operations, continuously improving management, service, and marketing efficiency, and ensuring high-quality development of retail business.

During the reporting period, the Bank launched “E shopkeeper”, a digital business management platform, to create an intelligent operation and management hub for the Bank, providing measures and support for the online and digital transformation of operations. Based on high-frequency business scenarios, “E shopkeeper” assisted customer managers in focusing on customer services and accurately capturing marketing opportunities. We connected with channels such as enterprise WeChat, AI smart outbound call, supporting ultimate and rapid customer engagement throughout the whole process, achieving online customer management. We introduced AI digital employees to provide video introductions of on-sale financial products and offer companion-style shopping guide services for customers. By introducing 5G messaging, we have achieved double improvements in customer SMS click-through rates and marketing conversion rates, winning the second prize at the 6th “Blossom Cup” 5G Application Competition hosted by the Ministry of Industry and Information Technology. We constructed a personalized recommendation system to deeply explore customer needs and provide accurate service recommendations, realizing personalized services with differentiated experience. Furthermore, “E shopkeeper” has realized the standardization of management process, the transparency of assessment management and the visualization of indicator display through the onlineization of the whole chain of business process.

During the reporting period, the Bank achieved the goal of “building a brain and giving commands” in the first phase of the “Smart Brain” (retail) project by constructing 15 projects including enterprise Wechat, unified marketing platform, and smart outbound call robots, facilitating the standardization, systematization, and intelligence of various business processes. Through technological empowerment, we shortened service radius, enhanced service quality, and improved customer experience, building a service system of “head office smart brain hub + online and offline collaborative mechanism”. The “Smart Brain” (retail) project focused on constructing a three-dimensional, digitalized, and intelligent service system with “data center, algorithm-driven, smart decision-making, and precision



reach” as the core elements, continuously deepening customer insights, product operations, and precise marketing and enhancing differential and personalized customer service capabilities. Also, the project connected online and offline channels such as APPs, Enterprise WeChat, AI Intelligent Outbound Calls, and customer managers to provide 7x24 (i.e. 24 hours a day, 7 days a week) personalized intimate products and services with differentiated experiences during every contact with customers, achieving a “insight-match-contact” customer lifecycle chain management closed loop.

## Service and Support

### Operation and Process Management

The Bank upgraded and built a new model for the integration of head office operations and process management in local and foreign currencies, focusing on improving quality and efficiency to strengthen the headquarter brain, promoting digital intelligence to facilitate the transformation of branches, and controlling risks to build an operational bottom line.

#### ***Advance the upgrading of the headquarters to intelligent and centralized operations in the direction of improving quality and efficiency***

The Bank advanced the intelligent and centralized construction of its headquarters, establishing a sustainable empowerment system that shared standardized service platforms and provided online assistance for professional services. By leveraging intelligent and digital tools, the Bank enhanced the efficiency of centralized operations, creating a robust headquarters that integrates back office operations and remote services. Throughout the year, the Bank processed 9.3446 million centralized transactions involving both local and foreign currencies, representing a year-on-year increase of 6.35%. Additionally, the eight major domestic and foreign payment channels operated stably, handling a total of 5.431 billion transactions, with a year-on-year increase of 6.32%. Furthermore, the Bank upgraded its professional team responsible for centralized operational activities at the headquarters level, establishing a regional operational model, which includes implementing management mechanisms such as dynamic business scheduling, quality standard management, and service hotlines for complex branches operations. These efforts aimed to enhance the level of resource reuse and the quality of professional services. The Bank also promoted the application of RPA (Robotic Process Automation), accumulating a total of 747 RPA processes. The Bank's back-office robots operated for over 40,000 hours throughout the year, representing a year-on-year increase of 163%. This effectively empowered employees at both the headquarters and branches to improve their work efficiency.

#### ***Promote the transformation of branches to service marketing with value creation-oriented***

The Bank continued to promote the transformation of branches, establishing a customer-oriented and future-oriented digital-intelligent operation model. The Bank built a hierarchical and categorical management model for branches services and operations based on "one body, two wings, and three strengths". This model helped setting up a bank-wide evaluation system to realize the service standard of "one ruler for all branches". By "exploring new customer service paths and refining internal management dashboards", the Bank steered business operations towards digital analysis and data management. With a focus on key customer support, the Bank reduced processing times for corporate and personal account openings by 56.02% and 20.90%, respectively, achieving 97% online process rate overall, with corporate machine business seeing a 65% substitution rate. Through digitalization efforts, the Bank bolstered both online and offline integrated customer service capabilities, empowering frontline staff with the energy, skills, and motivation needed to transition branches towards service-oriented marketing.

#### ***Drive the transformation of risk control to digitalization and intelligentization with the goal of precise identification***

The Bank implemented precise risk identification and effective risk control, establishing a digital and intelligent risk monitoring system. The Bank fully utilized cutting-edge technologies such as big data and artificial intelligence, iteratively upgraded systems, and refined risk monitoring and early warning systems, transitioning from emphasizing "post-event" risk control to focusing on "in-event" and "pre-event" risk control. Consequently, the Bank achieved a comprehensive risk management system encompassing the entire process, stages, and customer-centric. This system can identify, alert, and intercept abnormal transactions within milliseconds, effectively detecting risks such as AI facial swapping during online account openings and counterfeit bank acceptance bills, helping customers recover losses of nearly RMB100 million, and fortifying the "firewall" for the security of people's property.

### Brand and Service Management

#### ***Brand building***

Guided by Xi Jinping's Thought on Culture, the Bank staunchly follows the decisions and deployments of the CPC Central Committee. The Bank actively responded to the era's call for centrally-owned financial institutions to serve the new development landscape, vigorously publicized new measures and new effects of serving the real economy and innovative reform. Furthermore, the Bank strengthened reputation risk management to maintain our sound brand image. During the year, the Bank received 50-odd awards granted by mainstream media and ranked 59th among the top 100 banks in the "Global Banking Top 1000" list, and the Bank has been rated as the World Brand Lab for 16 consecutive years, and ranked 9th on the banking list, with a brand value increasing by RMB9.591 billion compared to 2022.

**In terms of brand management**, the Bank made efforts to enhance our prestigious brand image while preserving and elevating the value of our brand assets. A "CGB Brand Building Committee" was established under the Senior Executives to coordinate the bank-wide brand building efforts. The Bank developed a three-year brand building plan, outlined key points for annual brand promotion, a 35th-anniversary theme promotion plan, etc., clarifying the direction and implementation path of the bank-wide brand building. The Bank fully utilized the brand resource platform to conduct integrated marketing, facilitating the coordinated development of brand businesses. With the theme of "Discover Wonders with You and Create the Future", the Bank actively shaped a more youthful brand image through visual image renewal, brand events, social media interaction, news publicity, etc. The Bank launched official Tiktok account, achieving a total video playback of 74.05 million views, an average of over 670,000 views per video, and reaching a peak of over 2.1 million views per video. This accomplishment was recognized with the "Annual Brand Communication Case Award" at the 6th Annual Financial Industry Brand Case Competition.

## Business Overview

**In terms of news propaganda,** the Bank adheres to the overall principle of “seeking progress while maintaining stability,” effectively promoting the tangible results of our efforts in advancing high-quality development and supporting the people in their pursuit of a better life. The Bank continuously issued briefings and disseminated information in line with the theme education to create a positive and strong atmosphere. The Bank closely monitored social concerns and public opinion hotspots, planning various types of communications, messages, and special topics to showcase the positive image of high-quality development. The Bank also organized press releases, interviews, and research activities to vividly tell the story of CGB’s commitment to serving the real economy through Five Priorities of financial services, actively guiding positive voices in the industry. Additionally, the Bank enhanced the operation of a “central kitchen” news promotion model, reporting real stories of grassroots employees addressing practical matters for customers and the public, promoting core socialist values, and showcasing the spirit and demeanor of our bank employees.

### ***Protection of consumer rights and interests and service supervision***

The Bank staunchly follows the decisions and deployments of the CPC Central Committee, firmly grasps the political and people-oriented nature of financial consumer rights protection work, continuously enhances professionalism, and focuses on establishing a “comprehensive consumer protection” work system characterized by “horizontal fine-grained coordination and vertical penetrating management and control”. With such efforts, our system mechanisms have been further improved, financial education and publicity have been more effective, management nodes have been moved forward, overall complaint risks have been controllable, and customer satisfaction has been steadily increasing.

**Deepen the construction of consumer protection culture.** The Bank always adheres to a people-centered value orientation, upholds and promotes the service concept of “Accompany with you, serve wholeheartedly for you”, inherits and carries forward the consumer protection concept of “guarding you with sincerity and earning your trust with confidence”, and showcases our determination to safeguard the people’s well-being with the “Consumer Protection Shield of CGB”, building the soft power of consumer protection service culture. The Bank guided the establishment of correct views on political achievements and performance, emphasizing the clear direction of “focusing on business operations must include consumer protection work, and doing well in consumer protection work to promote business development”. Additionally, the Bank organized bank-wide consumer protection service competitions to create a favorable atmosphere for consumer protection culture throughout the Bank.

**Make steady progress in consumer protection systems construction.** In accordance with the requirements of the Regulations on the Protection of Consumer Rights and Interests of Banking and Insurance Institutions, the Bank has formulated and revised consumer protection systems such as the Consumer Suitability Management Measures of CGB and the Consumer Behavior Traceability Management Measures of CGB. The Bank placed great importance on the protection of consumer personal information and privacy. During the reporting period, the Bank carried out the consumer personal information protection enhancement program, conducted a comprehensive review of the collection, storage, and use of personal information in key business areas, revised the Consumer Personal Information Protection Management Regulations of CGB to ensure that personal information is collected, transmitted, stored, and used legally, compliantly, securely, and reliably. The Bank also perfected the Electronic Banking Privacy Policy of CGB to strictly control the collection and use of customers’ privacy information, and to implement the protection of personal privacy in all aspects.

**Advance the standardization of marketing practices in an orderly way.** Focusing on source management, the Bank refined systems and operational processes in accordance with the “three appropriateness” requirements of products, channels, and customers, to ensure fine stratification and precise matching. The Bank continued to explore and upgrade matching standards, strengthen system controls. The Bank shifted the management focus forward, revised the consumer protection review management measures, continuously improved the review key points, and achieved online and process-based management of consumer protection reviews. This leads to a continuous improvement in the quality, efficiency, professionalism, independence, and authority of consumer protection reviews.

**Continue to promote the quality improvement of branch management.** Taking the improvement of consumer protection culture as an opportunity, the Bank deeply advanced the rectification of consumer protection issues and the improvement of management effectiveness in branches. The Bank strengthened daily management and business guidance for branches, organized regulatory visits and industry exchanges, established a mutual assistance mechanism among branches, and rapidly improved the professional capabilities of consumer protection teams. Additionally, the Bank created an atmosphere of “everyone values consumer protection” among branches, encouraging each branch to proactively enhance their consumer protection capabilities and strengthen their sense of responsibility and mission in consumer protection work, which will improve the overall quality and effectiveness of consumer protection efforts.

**Improve education promotion in an innovative way.**

The headquarters has established an “educational promotion material repository”, which is jointly built and shared throughout the Bank. Leveraging the unique advantage of comprehensive finance in “insurance + investment + banking”, the Bank promoted comprehensive financial knowledge to the public. The Bank actively conducted special research on educational promotion, deeply analyzed the preferences of different customer groups such as the elderly, youth, and new residents for the content, channels, and forms of financial knowledge promotion, and formulated stratified and grouped promotion strategies. During the reporting period, the Bank conducted over 15,000 educational promotion activities, a year-on-year increase of 100%; reached 200 million consumers, a year-on-year increase of 300%; and achieved over 15 million clicks on original contents, a year-on-year increase of 183%. Leaders at all levels of the Bank participated in educational promotion activities over 800 times, a year-on-year increase of 166%; and the coverage rate of branches participation in centralized education and promotion activities reached 100%.

**Make concerted efforts to enhance comprehensive governance capabilities.**

The Bank further improved the full-process control of complaints in terms of pre-incident prevention, mid-incident management, and post-incident improvement, strengthening the traceability governance of customer complaints. Special governance initiatives were implemented for key areas of complaints such as credit cards and personal loans. In response to hot complaint problems this year, the Bank provided timely warnings, optimized credit limit strategies, and offered complementary value-added services to mitigate potential dispute risks at the source. The Bank implemented the “Fengqiao Experience” of the new era, refined tiered handling and escalation mechanisms, introduced third-party mediation and small-sum settlement mechanisms, efficiently resolving incremental disputes and reducing the backlog of cases. During the reporting period, the Bank received and handled a total of 87,446 complaints through channels such as customer service hotlines, face-to-face visits, online channels, and referrals from external regulatory authorities. Regarding the distribution of consumer complaint businesses, there were 72,971 complaints related to credit cards (83.45%), 6,845 related to personal loans (7.83%), 2,352 related to account management (2.69%), 498 related to investment and wealth management (0.57%), and 527 related to corporate and financial market businesses (0.60%). In terms of regional distribution, complaints were mainly from Guangdong (28%), Henan (8%), Shandong (7%), Liaoning (6%), Zhejiang (5%), and other regions.

**Institution Management**

By the end of 2023, the Bank had established 970 business branches and 1 wholly-owned subsidiary in 116 cities at or above the prefecture level across 27 provinces (including autonomous regions and municipalities) in mainland China as well as in Hong Kong and Macau Special Administrative Regions, covering the branches in the Guangdong, Hong Kong and Macao Greater Bay Area. With the tenet of serving the real economy and supporting the balanced development among regions, the Bank actively served such national regional development strategic plans as Beijing-Tianjin-Hebei coordinated development, development of the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Zone, the integrated development of Yangtze River Delta region, ecological protection and high-quality development in the Yellow River Basin, and construction of double-city economic circle in the Chengdu-Chongqing region, supported the all-round revitalization of Northeast China, and economic development in western China, as well as accelerated the rise of the central and modernization of the eastern region, so as to continue to optimize the layout of existing branches and continuously make ceaseless efforts to promote the high-quality development of branches.

**Human Resources Management****Organization Management**

In pursuit of the vision of “building a first-class commercial bank in China”, the Bank continuously strengthened basic management, proactively consolidated management foundations, and strengthened impetus for reform and development. During the reporting period, in alignment with strategic direction, the Bank focused on constructing a branch organizational structure system characterized by “scientific norms, complete functions, robust risk control, efficient operations, and dynamism”. The Bank undertook a thorough and methodical optimization of branch organizational structures, main responsibilities, and staffing, all geared towards achieving this goal, completing the comprehensive optimization efforts of the branch’s “three determinations”.



# Business Overview

## *Personnel Management*

The Bank followed market-oriented selection and employment mechanism and selected and employed competent personnel in the principle of “equality, openness, competition, merit-based” according to the “person-post matching” criteria. The Bank cultivated high-quality talent teams and promoted the construction of digital talent teams by such means as open competition, post exchange, job rotation, selection and promotion from cadre reserves, and market-oriented talent introduction. During the reporting period, the Bank comprehensively established the personnel recruitment, talent selection, and personnel exchange system under the new position framework, further enhanced the scientific and standard design of employees’ career development, and formed a sound competitive mechanism that stresses on both integrity and ability, appoints personnel in a fair manner, emphasizes responsibilities, focuses on actual capabilities, and encourages steady progress. The Bank improved the normalized work mechanism for training and selecting outstanding young cadres, established a training platform which is cross-level, cross-bank, cross-border and cross-field, put more efforts into on-job practice and educational training, and strengthened the building of young-cadre teams.

The Bank spared no effort to ensure the employment of college graduates and other key groups. In addition to regular autumn campus recruitment, the Bank has conducted spring campus recruitment for four consecutive years and summer internship recruitment for three consecutive years. Through activities such as job fairs, campus presentations, special lectures, and open days, the Bank consistently communicated the latest employment information and talent nurturing philosophy to students. Based on the recognition of our human resources management practices in the employment market, the Bank has been awarded the Best Employer in China for 13 consecutive years.

## *Performance Management*

The Bank established a scientific, reasonable performance assessment and incentive and restrictive mechanism, conveyed the strategic focus of the Bank to each branches and all employees through performance assessment. The Bank strengthened application of performance assessment results, built a performance culture oriented towards value contribution, and promoted the implementation of strategies and the common growth of employees. The Bank established a short-term as well as medium- and long-term assessment and evaluation system in accordance with development strategies and business conditions. The Bank intensified assessment in terms of risk compliance, capacity per capita and per unit and market competitiveness, implemented the operation principle of seeking progress while maintaining stability and enhancing quality and efficiency. Additionally, the Bank constantly strengthened supervision and improvement of the performance assessment process, improved the level of refined management and promoted the optimization of comprehensive work under the help of assessment.

The Bank consistently enhanced positive performance incentives and prioritized top performers, dynamically adjusting the mandatory distribution ratio of employee performance assessment grades in outstanding departments to encourage employees to pursue excellence. Furthermore, the Bank strengthened the utilization of performance assessment results, establishing a robust, mature, and rigid normalized elimination and exit management mechanism that equally emphasized incentives and constraints. By doing so, the Bank continued to optimize the structure of our employee team, fostering endogenous power.

## *Remuneration and Benefits Management*

The Bank strictly adhered to the relevant regulations issued by the Ministry of Finance on the determination mechanism of total wages for wage management. The Bank prepared the total wage budget and settlement proposals in accordance with the regulations and submitted them to the Ministry of Finance for approval. The Bank continuously strengthened and optimized the allocation and management of total wages, actively implemented national macro policies, served the real economy, enhanced the Bank’s market competitiveness, and promoted the Bank’s high-quality development. During the reporting period, the Proposal on Matters Related to the 2023 Total Wage Budget of China Guangfa Bank Co., Ltd. was approved and agreed by the Ministry of Finance (Financial and Economic Proposal Office, Approval No. 47 for 2023).

The Bank established an incentive and restraint mechanism that aligned total wages with business performance and performance assessment. This mechanism emphasized efficiency, valued contributions, supported strategic objectives, and prioritized frontline operations. During the reporting period, the Bank issued the Human Resource Expense Allocation and Control Mechanism for CGB’s Business Units. This document emphasized cost reduction and efficiency enhancement, encouraging all units to enhance their per capita productivity. Additionally, the Bank prioritized performance-based approaches, increasing the connection between performance assessment and resource allocation to ensure precision and effectiveness.

As for remuneration management, the Bank aims to establish a market-oriented remuneration system. To this end, the Bank adhered to the principle of putting efficiency first and maintaining fairness; insisted on market-oriented distribution of post-matched and performance linked remuneration; the Bank established differentiated remuneration system and strengthened incentives for core talents, key personnel and high-performance employees. The Bank continuously improved remuneration structure and gradually stepped up incentive and restrictive measures. This is achieved through establishing a multi-level and wide-ranging remuneration system based on “position-based target annual salary” and “performance-based actual annual salary”, intensifying the linkage between remuneration distribution and assessment results, with a focus on tilting towards frontline grassroots employees, key positions, urgently needed high-level talents, and outstanding performers.



As for Senior Executives and employees in positions directly or heavily involving risks, the Bank continuously improved the deferred payment and recourse and deduction of performance-based remuneration and emphasized the guiding role of performance-related remuneration in operation and management. During the reporting period, the Bank issued the *Measures for Recourse and Deduction of Employee Performance-based Remuneration at CGB* and the *Detailed Implementation Rules for Deferred Payment and Recourse and Deduction of Performance-Based Remuneration at the Head Office of CGB*, which clearly defined the scope of applicable personnel and the deferred payment ratio, detailed the circumstances and criteria for recourse and deduction, and improved the recourse and deduction work procedures. In 2023, a total of 9,290 employees in positions directly or heavily involving risks received a total remuneration of RMB3.745 billion. 5,127 employees were subject to performance-based remuneration recourse and deduction, totaling RMB21.7630 million.

The Bank established an enterprise annuity system to provide retirement financial back-up for employees. Moreover, the Bank set up a supplementary medical insurance scheme to provide a comprehensive medical security system for all employees and retirees through the purchase of commercial insurance and other means.

### Training Management

The Bank followed the rule of talent development in its education and training work, intensified education and training empowerment, focused on the guidance of Party building and the implementation of strategies, continued to strengthen the Party spirit education and theoretical education for cadres and employees under the leadership of the Party school of CGB. In addition, the Bank promoted the improvement of the business capability of cadres and employees based on the 5 major branches of professional study. During the reporting period, the Bank organized special seminars for leading cadres to study and implement the spirit of the 20th National Congress of the Communist Party of China, achieving full coverage of cadres at departmental level and above, and continuously improving the Party spirit cultivation and theoretical level of leading cadres of the Bank. The Bank continued to strengthen the construction of the cadre echelon, carried out the “Eagle” series training in a stratified and graded manner with the goal of enhancing performance capabilities, earnestly implemented training programs for presidents of second-tier branches, sub-branch presidents, and newly recruited employees through campus recruitment, continuously improved the capabilities of the Bank’s employees, and strengthened the overall quality of the team. Additionally, the Bank constantly deepened business training, held bank-wide case competitions, closely related to practical business operations, accumulated the wisdom of the entire bank, and promoted experience inheritance. The Bank made full use of the platform of “CGB Lecture” to carry out special training on macroeconomic trend, banking development, digital transformation of banks. Furthermore, the Bank actively promoted online empowerment,

enhanced the convenience and comprehensiveness of training and teaching, launched special features such as the Party building columns and learning maps on CGB Learning Platform, and continuously enlarged and perfected online live broadcast training, holding a total of 374 live broadcast training sessions during the year.

### Major Holding Subsidiaries

As the first wholly-owned subsidiary of the Bank, CGB Wealth Management Co., Ltd., is a concrete practice of the Bank’s strict implementation of new rules and regulations for asset management and financial management. Since the establishment, CGB Wealth Management has been strictly following the Articles of Association, implementing the aim of “managing money on behalf of clients as entrusted by them”, continuously improving the quality and efficiency of services provided for the real economy, and has achieved effective integration of the Party’s leadership and modern corporate governance mechanisms by adopting an independent market-oriented corporate operation mechanism.

**CGB Wealth Management embraced a people-centered value orientation.** CGB Wealth Management implemented sustainable development strategies and incorporated social responsibility into investment decision-making considerations. The company actively participated in green bond investments and operated ESG-themed wealth management products. The company also promoted the integration of inclusive finance with the traditional Chinese virtues of thriftiness and accumulation, launched services such as automatic repayment of credit cards or mortgages through wealth management products, wealth management regular investment services, and “night market” wealth management services. These efforts deeply embodied the concept of inclusive finance, improved inclusive financial services, and enhanced the competitiveness of our products and services.

**CGB Wealth Management constantly enriched the net value product system.** CGB Wealth Management has launched 13 product series, with 156 net value wealth management products in existence by the end of 2023. The products are mainly medium to low-risk ones (PR2 and below), supplemented with medium-risk products (PR3) and medium to high-risk products (PR4), involving various maturity types. Product lines, such as cash management, pure fixed income, fixed income enhancement, partial-debt hybrid, equity-debt balance, multi-asset hybrid, and partial-equity hybrid, have covered various basic products, while product lines such as low-volatility, closed-end, and ESG-themed, have involved various characteristic products, fully meeting various wealth management needs of customers. Furthermore, CGB Wealth Management has gradually launched functions such as “T+0 quick redemption” and “T+0.5 arrival” for cash management products, and “Zhinengbao” for one-click subscription and redemption of multiple products. These enhancements aim to effectively boost investors’ fund utilization efficiency and purchasing experience.

## Business Overview

**CGB Wealth Management continuously optimized and improved investment strategies.** By strengthening macroscopic and interest rate researches, and establishing a fixed-income market model analysis system, CGB Wealth Management made dynamic researches and judgments on macro cycles, interest-rate trends, and various asset configurations, further enriched and improved the product structure of fixed-income and multi-asset products driven by dual wheels and provided with weighted products as the highlight. Multi-asset products have undergone a reconstruction of investment management models, constructing portfolios based on strategies such as “fixed-income foundation + multi-beta tools” and “fixed-income foundation + MoM (public or private fund)” mode, and implementing them in the investment operations of existing products.

With the continuous promotion of the net value transformation, CGB Wealth Management significantly improved the research and development capabilities of financial products, and the product brands were recognized by the public and authoritative media. In 2023, CGB Wealth Management won several awards successively, such as “Outstanding Contribution Award for Economy Development” from the People’s Government of Pudong New Area, Shanghai, “Excellent Innovative Wealth Management Company” and “Excellent Fixed-Income Bank Wealth Management Product” from Puyi Standard, “2023 Tianji Award for Outstanding Bank Financial Management Team” from Securities Times, “Award for Outstanding Investor Education and Accompanying Case” from jrj.com, “Golden Hazelnut Award for Excellent Return Performance”, “Golden Hazelnut Award for Best Return on Cash Management” and “Golden Hazelnut Award for Best Return on Fixed-Income” from CaiLian Press, as well as “Golden Wealth Management Annual Fixed-Income Wealth Management Product” from Shanghai Securities News.

# Risk Management

## Overview of Risk Management

During the reporting period, the Bank continued to maintain a prudent and moderate overall risk management strategy, strengthening comprehensive risk management, focusing on asset quality, and effectively reducing risk costs. Taking the implementation of the new regulations on capital management as an opportunity, the Bank promoted the foundation work of the three major risk programs of credit, operation and market in an orderly manner, enhancing the level of risk management refinement, as well as the synergistic management capability of business, risk and capital. The Bank continuously established the risk culture of “professionalism, efficiency, conscience, responsibility and wisdom” throughout the Bank, gradually created the management philosophy of “comprehensive management, prudent compliance, risk forward, information symmetry and support for innovation”, and integrated the unified risk management culture into the Bank’s operation and management processes to achieve effective comprehensive risk management. The Bank continued to use information technology to enhance its risk management capabilities, and made in-depth use of big data, artificial intelligence and other technologies to build a cluster of intelligent risk management systems such as monitoring and early warning, customer profiling, knowledge mapping, financial information database, etc. These efforts aim to push forward the digital transformation of risk management, improve the foresight, timeliness and effectiveness of risk early warning, and enhance the risk management capability of early identification, early warning, early discovery and early disposal.

The Bank has established a fully structured risk management framework system with responsibilities clearly defined, forming a multi-level, interconnected and effectively controlled and balanced operating mechanism. The Risk Management Organizational Structure of the Bank is composed of the Board of Directors and its special committee, Board of Supervisors, senior management and its special committee, risk management functional departments (including comprehensive risk and various risk leading management departments), business departments and specialized institutions, internal audit departments, other departments, branches, and subsidiaries.

The Board of Directors assumes ultimate responsibility for the Bank’s comprehensive risk management and is responsible for establishing a risk culture, and determining the overall risk appetite and risk tolerance, approving the Bank’s targets, strategies, policies and procedures for major risk management. The Risk Management Committee, subordinate to the Board of Directors, is responsible for reviewing strategies, policies, and major affairs of risk management, money laundering risk management, case prevention management, and major asset disposal programs, and carrying out control, management, evaluation, and supervision over the risks of the Bank. The Board of Supervisors assumes the supervisory responsibility for comprehensive risk management, and is responsible for supervising and inspecting the performance of duties and responsibilities by the Board of Directors and the senior management in risk management and urging rectification.

The senior management undertakes the responsibilities of implementing the comprehensive risk management and executes resolutions made by the Board of Directors. The Internal Control Compliance and Risk Management Committee, the Asset and Liability Management Committee, the Credit Approval Committee, Investment Business Approval Committee and the Non-performing Asset Disposal Approval Committee under the senior management are responsible for analyzing risk strategies, guidelines and policies for preventing credit risk, market risk, bank account book interest rate risk, liquidity risk, operational risk, country risk, money laundering risk etc. Meanwhile, they are also responsible for evaluating the effectiveness of the management system, monitoring the implementation of management measures as well as identifying deficiencies in the management system and figuring out solutions accordingly.

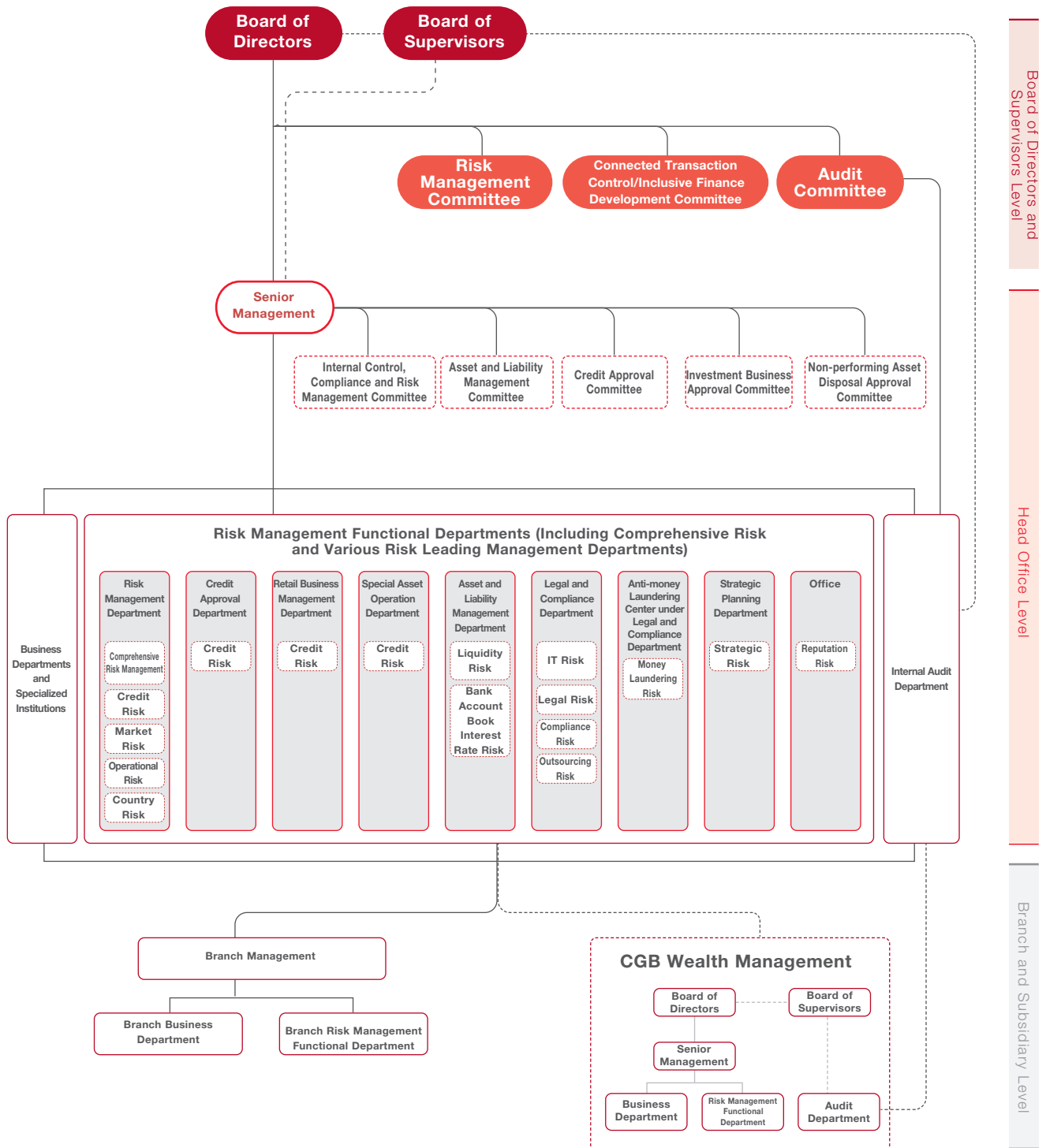
The Risk Management Department of the Head Office is the leading department in comprehensive risk management, taking the lead in performing the daily management of comprehensive risks. The Risk Management Department, Credit Approval Department, Retail Business Management Department, and Special Asset Operation Department of the Head Office are responsible for formulating, implementing and managing the Bank’s credit risk management regulations. The Risk Management Department of the Head Office is responsible for the formulation, implementation and management of the Bank’s management regulations for market risk, operational risk and country risk. The Asset and Liabilities Management Department of the Head Office is responsible for the formulation, implementation and management of the Bank’s management regulations for bank account book interest rate risk and liquidity risk. The Legal and Compliance Department of the Head Office takes the lead in the formulation, implementation, examination and management of the Bank’s management regulations for compliance risk, IT risk and money laundering risk. The Audit Department of the Head Office and four regional audit centers are responsible for independent review and evaluation of the adequacy and effectiveness of the Bank’s corporate governance, internal control and risk management. Each business department and specialized institution of the Head Office establish and improve their own line of business policies, and actively identify, assess, monitor, control, and report risks related to their respective departmental responsibilities at the business end.

Risk management decisions made by the Board of Directors, the Risk Management Committee of the Board and senior management are executed by branches under instructions from relevant departments.

In accordance with the Bank’s comprehensive risk management framework, CGB Wealth Management established a comprehensive risk management organizational structure and management mechanism to ensure that risk management requirements are fully extended within the Group.

# Risk Management

## Risk Management Organizational Structure



Note: risks other than those mentioned above are all included in overall risk management.

## Risks Encountered by the Bank and Corresponding Countermeasures

### Credit Risk

#### *Overview of Credit Risk Management*

Credit risk refers to the risk of economic losses to the creditor or holder of a financial product due to the borrower's or the trading counterpart's failure to perform the contractual obligations on time or due to changes in credit quality which affects the value of the financial product. The Bank follows the general principle of pursuing progress while ensuring stability, guards the bottom line of risk compliance, comprehensively improves risk management capability, continuously promotes high-quality development, and prevents and reduces credit risk losses.

During the reporting period, the Bank continued to enhance portfolio analysis and industry research, optimize credit structure, strengthen risk prevention and control in key areas, promote the implementation of the new regulations on risk classification of financial assets, strictly categorize risks, and continuously improve asset quality. Focusing on changes in the macroeconomic conditions, the Bank strengthened research on national and regulatory policies and systems, and timely issued industry credit guidelines to clarify overall credit strategies, credit customer access standards, and credit management requirements for the industry so as to consolidate customer base and prevent industry credit risks. The Bank

strictly controlled the credit review and approval process, strengthened the quality supervision of project examination and approval quality of branches, and improved the quality and efficiency of approval. The Bank intensified efforts to manage key areas, and adopted classified measures to reduce risks in credit card business and the size of high-risk assets. The Bank effectively dealt with risks in existing real estate projects and supported reasonable term adjustments and extension needs for existing credit business. In addition, the Bank strictly followed market-oriented principles for the access of new financing platform customers, and properly coped with risks in existing debts. The Bank improved the effectiveness of basic controls, continuously optimized the risk warning platform, and established big data warning rules and models, enhancing the comprehensiveness and timeliness of risk warnings. The Bank continuously optimized risk measurement and management tools, promoted the implementation of the Administrative Measures for Capital Management of Commercial Banks, improved information system construction, optimized management processes, and drove the refinement of risk management. The Bank made efforts to develop customer risk profiles, create risk quantification models, refine risk identification, and optimize the functions of rating models and associated systems to bolster coverage, precision, and differentiation of models. The Bank strengthened model validation management to enhance the efficiency of model development. Furthermore, the Bank continued to intensify the collection and disposal of non-performing assets and reinforce efforts in cash collection with various methods such as write-offs, packaging and asset securitization in a comprehensive way to resolve risky assets.



# Risk Management

## Five-grade Classification of Loans and Changes in Non-performing Loans

### Five-grade Classification of Loans and Balance of Loss Provisions for Each Grade of Loans

Unit: RMB'000

Item	As at 31 December 2023	Percentage (%)	As at 31 December 2023 Loss provisions for loans
Pass	1,994,936,931	96.51	20,277,934
Special mention	39,580,261	1.91	9,842,220
Substandard	10,188,144	0.49	6,131,602
Doubtful	11,937,222	0.58	8,147,648
Loss	10,482,834	0.51	8,071,114
Total	2,067,125,392	100.00	52,470,518

Note: Discounts are included in the data of the five-grade classification of loans, but accrued interest is excluded.

### Changes in Non-performing Loans

Unit: RMB'000

Item	31 December 2023		Increase/decrease during the period		31 December 2022	
	Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Substandard	10,188,144	0.49	465,731	0.02	9,722,413	0.47
Doubtful	11,937,222	0.58	(9,401,322)	(0.46)	21,338,544	1.04
Loss	10,482,834	0.51	7,893,209	0.38	2,589,625	0.13
Total	32,608,200	1.58	(1,042,382)	(0.06)	33,650,582	1.64

### Major Policies, Measures and Effects of Non-performing Asset Management

During the reporting period, the Bank continued to intensify the collection and disposal of non-performing assets, the collection of cash and the creation of operating profits with several approaches such as cash collection, bad debt write-offs, transfer of creditor's rights, and securitization of non-performing assets in accordance with the legal compliance, transparency and risk settlement principle. The Bank implemented list-based management, strengthened independent collection, lawsuit collection and disposal of collateral, intensified cash collection to fully improve the quality and efficiency of collection and disposal. The Bank made reasonable use of bad debt write-off methods, and promoted "full verification" in compliance with laws and regulations. Meanwhile, the Bank strengthened the classification management and profit generation of already written-off assets, in accordance with the principle of "keeping records of accounts written off and pursuing collection when the rights are still available". The Bank focused on key areas and large-scale projects, optimized disposal strategies, diversified disposal means, and accelerated risk resolution. The Bank conducted orderly market-based disposal to maximize the value of non-performing asset disposal. In 2023, the Bank collected and disposed a total principle of RMB40.101 billion in terms of non-performing loans.

#### Loans and Non-performing Loans Classified by Business Type

At as the end of 2023, the Bank's non-performing loan ratio decreased by 0.06 percentage points compared to the end of 2022. As for the loan structure, the non-performing loan ratio for corporate loans (including discounts) decreased by 0.17 percentage points compared to the end of 2022, while the non-performing loan ratio for personal loans increased by 0.05 percentage points compared to the end of 2022. The Bank continued to strengthen admission management, enhance risk control in key areas, and concurrently reinforce the collection and disposal of non-performing assets. As a result, the asset quality of the Bank remained robust.

Unit: RMB'000

Item	31 December 2023			31 December 2022		
	Balance of loans	Percentage (%)	NPL ratio (%)	Balance of loans	Percentage (%)	NPL ratio (%)
Corporate loans (including discounted bills)	1,183,553,034	57.26	1.81	1,147,179,581	55.96	1.98
Personal loans	883,572,358	42.74	1.26	902,827,141	44.04	1.21
Including: Credit card overdraft	424,878,847	20.55	1.59	439,688,628	21.45	1.58
Total	2,067,125,392	100.00	1.58	2,050,006,722	100.00	1.64

Note: Accrued interest is excluded in the data of loans.

## Risk Management

Corporate Loans (Excluding Discounted Bills) and Non-performing Loans Classified by Industry

Unit: RMB'000

Industry	31 December 2023			31 December 2022		
	Balance of loans	Percentage (%)	NPL ratio (%)	Balance of loans	Percentage (%)	NPL ratio (%)
Manufacturing	214,660,034	21.98	1.84	165,659,395	19.00	2.23
Wholesale and retail	99,906,168	10.23	5.20	93,839,214	10.76	6.21
Real estate	106,074,034	10.86	6.21	116,172,584	13.33	6.66
Construction	71,763,943	7.35	3.73	71,077,178	8.15	4.37
Transportation, warehousing and postal services	66,117,161	6.77	0.20	54,270,993	6.23	0.10
Water resources, environment and public facilities management	120,674,282	12.35	0.03	121,079,073	13.89	0.03
Leasing and commercial services	152,974,271	15.66	1.30	127,032,380	14.57	0.48
Mining industry	21,587,733	2.21	0.00	21,423,237	2.46	0.83
Information transmission, software and information technology services	13,818,145	1.41	1.00	8,921,223	1.02	2.28
Others	109,249,023	11.18	0.71	92,288,483	10.59	1.37
<b>Total</b>	<b>976,824,794</b>	<b>100.00</b>	<b>2.20</b>	<b>871,763,760</b>	<b>100.00</b>	<b>2.61</b>

Note: Accrued interest is excluded in the data of loans.

**Provision and Write-off of Loan Impairment Allowances***Unit: RMB'000*

Item	Loan impairment allowances
Opening balance	55,473,122
Provision for the year	42,774,229
Reversal of the year	(19,267,485)
Recovery of amounts written off in previous years	5,667,668
Write-offs and transfer in the year	(32,373,688)
Closing balance	52,273,846

Note: Includes only the loan impairment allowances measured by amortized cost.

**Assets as debt repayment***Unit: RMB'000*

Item	31 December 2023	31 December 2022
Assets as debt repayment	<b>210,525</b>	177,712
Including: Housing property	<b>84,467</b>	93,122
Land use rights	<b>126,058</b>	84,590
Less: Impairment allowance	<b>(89,079)</b>	(86,479)
Net assets as debt repayment	<b>121,446</b>	91,233

# Risk Management

## Market Risk

Market risk refers to the risk of losses incurred from on-sheet and off-sheet business of a commercial bank caused by adverse changes of market prices (including interest rates, exchange rates, stock prices and commodity prices). The Bank's market risks mainly comprise the fluctuations in interest rate and exchange rate.

The Bank established and improved the market risk management system according to regulatory requirements such as the Administrative Measures for Capital Management of Commercial Banks, Commercial Bank Market Risk Management Guidelines and Commercial Bank Account Book Interest Rate Risk Management Guidelines (Revision). The Board of Directors of the Bank assumes the ultimate responsibility for monitoring market risk management; the senior management is responsible for formulating, regularly reviewing and supervising the implementation of policies, procedures, and specific operational codes for market risk management; the Risk Management Department leads the identification, measurement and monitoring of market risks of the Bank, and report the market risk management to the Board of Directors, the Risk Management Committee of the Board and senior management on a regular basis; the Asset and Liability Management Department of the Head Office is responsible for managing interest rate risk in the Bank's account books.

In terms of trading account and banking account books, the Bank managed their market risks with different methods. Market risk management over trading accounts mainly involves daily revaluation of positions in trading accounts by the application of market risk-related limits such as VaR limit, exchange rate sensitivity limit, interest rate sensitivity limit and stop-loss limit, and regular measurement of market risks using such methods as sensitivity analysis, VaR analysis and stress testing. In terms of market risk management over banking accounts, the Bank focused on management of interest rate and exchange rate risks to identify, measure, and monitor the market risks of various business lines taking a range of approaches such as duration monitoring, exposure analysis, sensitivity analysis, scene analysis and stress testing. The market risk and capital mid-office systems, and the liquidity risk and banking account interest rate risk management systems have successfully measured and monitored various market risks regarding trading account and banking account books.

During the reporting period, the Bank focused on reshaping the market risk system, account book classification, and system development in accordance with the Administrative Measures for Capital Management of Commercial Banks. In terms of regulations, the Bank revised the Administrative Measures for Market Risk Management of CGB, the Rules for the Administration of Trading and Banking Account Books Classification of CGB, the Rules for the Administration of Market Risk Limits of CGB, and the Administrative Measures for Counterparty Credit Risk of CGB. In terms of system, the Bank completed the development of systems for market risk capital, counterparty credit risk weighted assets, credit valuation adjustment risk weighted assets, and central counterparty risk exposure measurement. In terms of monitoring, the Bank optimized the portfolio limit system within the framework of market risk appetite, reasonably set market risk limit indicators, organically combined the performance of risk indicators with market changes, and strengthened market monitoring and early warning management.

As of the end of 2023, the Bank's market risk was within the risk limit of the Bank and risk appetite limit set by the Board of Directors. The market risk capital provision of the Bank covered the interest rate risk, exchange rate risk, stock price risk and commodity price risk in transaction accounts, as well as the foreign exchange risk and commodity risk in bank account books. At the end of 2023, the Bank's market risk capital amounted to RMB2.116 billion with a slight decrease compared with the end of previous year, mainly due to decrease in specific risk and in general interest rate risk.



## Banking Account Book Interest Rate Risk

The banking account book interest rate risk refers to the risk of losses of economic net value of banking account books and overall earning caused by adverse changes in the interest rate level and term structure, mainly including gap risk, basic risk and option-related risk.

The Bank established the banking account book interest rate risk management system, covering measurement method and analysis frame such as Board of Directors' risk appetite, risk limits, gap analysis, duration analysis, scene simulation and stress testing in accordance with the Banking Account Book Interest Rate Risk Management Guidelines of Commercial Banks (Revision), and evaluated the impacts of interest rate changes on operation from the aspects of net interest income and economic value. The Board of Directors assumes ultimate responsibility for the effective management of banking account book interest rate risks. The senior management is responsible for approving the banking account book interest rate risk limits of the Bank, authorizing and urging functional departments to effectively manage banking account book interest rate risks. The Asset and Liability Management Department is responsible for the identification, measurement, monitoring and control of the banking account book interest rate risks of the Bank. The Bank measures its banking account book interest rate risks in accordance with the standardized measurement framework. According to the gap of asset and liability terms and expectations on market interest rate, the Bank guided the adjustment of asset and liability structure via FTP and active liability, and studied the risk hedging strategy on interest rate derivatives in accordance with market situations.

The Bank kept a close eye on the changes in the external interest rate environment and internal interest rate risk exposures, continuously intensified the research and judgment of interest rate, and consistently optimized the asset and liability structure to enhance risk measurement capabilities. As of the end of 2023, the control of banking account book interest rate risks of the Bank was considerable, and all indicators were within the limit.

## Liquidity Risk

Liquidity risk refers to the risk of a commercial bank failing to obtain sufficient funds timely at reasonable cost to repay debt due, perform other payment obligation and meet other funds demand to conduct normal business.

The Bank established an effective liquidity risk management governance structure following the principle of separate functions of policy formulation, implementation and supervision, in accordance with the Measures for the Management of Liquidity Risk of Commercial Banks, and specified the responsibility and reporting line of the Board of Directors and its special committee, Board of Supervisors, senior management and relevant departments in liquidity risk management. The Board of Directors of the Bank assumes ultimate responsibility for liquidity risk management and reviews and approves liquidity risk appetites, liquidity risk management strategies, major policies and procedures. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and the senior management in liquidity risk management. The senior management leads, organizes and promotes the liquidity risk management of the Bank. As the leading department regarding liquidity risk management, the Asset and Liability Management Department coordinates the establishment of a liquidity risk management system, formulates strategies, policies, and processes for managing liquidity risk, conducts identification, assessment, monitoring, reporting, and control or mitigation of liquidity risks at the legal entity and group levels, and strengthens internal fund segregation management within the group. The Bank continues to monitor the status of high-quality liquid assets and maintain appropriate and reasonable reserves, actively adjusts the total amount and structure and cash flow gap limit of asset and liabilities via FTP to improve the stability of liabilities, assigns internal liquidity risk limits and supervises the implementation, conducts regular liquidity risk stress tests and organizes the testing and evaluation of liquidity risk contingency plans.

The Bank closely monitors monetary policy orientation and market developments, and enhances emergency management of liquidity risk to ensure the continuity of the Bank's funds payment in case of emergencies. As of the end of 2023, the Bank realized excellent liquidity risk control, and all of its liquidity risk regulatory indicators met the regulatory requirements.

## Risk Management

As at the end of 2023, the Bank's relevant indicators including LCR were as follows:

Unit: RMB'00,000,000

Item	31 December 2023	31 December 2022
LCR (%)	113.03	121.68
High-quality liquid assets	5,215	4,105
Net cash outflow in the next 30 days	4,614	3,373
Liquidity ratio (%)	58.60	59.18
Liquid assets	7,953	7,777
Liquid liabilities	13,571	13,141

In accordance with the requirements for the Measures for the Information Disclosure on the Net Stable Funding Ratio of Commercial Banks, the information of the net stable funding ratio in 2023 is disclosed as follows:

Unit: RMB'00,000,000

Item	31 December 2023	31 December 2022
Net stable funding ratio (%)	107.36	103.00
Stable funds available	19,101	18,722
End-period value of stable funding needed	17,792	18,177

## Operational Risk

Operational risk refers to the risk of loss, including law risk, but excluding strategic risk and reputation risk, caused by problematic internal procedures, employees, IT systems and external events. The Bank has established an operational risk management system that complies with regulatory agencies and the Group's requirements and is commensurate with the nature, scale and complexity of the Bank's business. Continuous efforts are made to enhance the effectiveness of operational risk identification, assessment, measurement, control, mitigation, monitoring, and reporting.

During the reporting period, the Bank continued to strengthen the construction of operational risk system mechanism, deepen the construction of risk compliance culture, hold fast to the bottom line of risk compliance, take multiple measures to solidify risk management responsibilities, and enhance risk control effort, through which the operational risk management and control system operated smoothly and the operational risk was controllable. In accordance with the latest regulatory requirements and the results of the operational risk consulting project under the final version of Basel III, the Bank further optimized and improved operational risk management mechanisms. Furthermore, the Bank revised the relevant operational risk management systems, developed operational risk contingency plans, consolidated institutional foundations, enhanced emergency response capabilities, and refined the Bank's operational risk management rules. Continuous efforts were made to enhance the utilization capabilities of management tools such as operational risk control self-assessment (RCSA), key risk indicators (KRI), and loss data collection (LDC). By jointly verifying these three major management tools, the Bank aimed to bolster risk prevention and control in key business areas, enhance the level of operational risk monitoring, and improve management effectiveness. The Bank continuously optimized its operational risk management system, facilitated interconnection and interoperability of data among internal systems, and enhanced data quality and application effectiveness. Through case analysis, risk alerts, specialized training, and other initiatives, the Bank promoted the construction of its operational risk culture, heightened risk and compliance awareness among all staff, and nurtured a cultural environment conducive to the Bank's stable operation and high-quality development.

## Country Risk

Country risk refers to risks that economic, political or social changes and events occurred in a foreign country or region, which render borrowers or debtors in that country or region unable or unwilling to repay bank debts or cause the Bank to suffer commercial losses or other losses in that country or region.

The Bank strictly followed relevant regulatory requirements, adhered to the principles of steadiness and prudence, established a country risk management system in line with strategic objectives, risk status and complexity, and incorporated country risk management into the overall risk management system. The Bank continued to strengthen country risk management. According to the country risk assessment results, the Bank divided relevant countries or regions into 7 internal ratings, corresponding to 5 risk levels: lower, low, medium, high and higher, and carried out classified management on each risk level. Moreover, the Bank identified, measured, monitored and controlled country risks in a timely manner, regularly assessed country risk levels and conducted limit management, and guided businesses to be inclined to low-risk countries, and submitted major issues involving country risk management policies, adjustment of limit plans etc., to the Board of Directors for deliberation and decision. As of the end of 2023, the level of country risks involved by the Bank's country risk creditors was lower and sufficient country risk impairment provision was made, hence the country risk was controllable on the whole.

## Reputation Risk

Reputation risk refers to the risk of negative evaluation on the Bank by stakeholders, the public and the media due to the actions of the Bank offices at all levels, actions of employees or external events etc., thus damaging the Bank's brand value, detrimental to the Bank's normal operations, and even affecting the market stability and social stability.

During the reporting period, the Bank took multiple measures to strengthen reputation risk prevention and control and actively safeguard the sound reputation image of the banking industry by strictly following the Measures for the Management of Reputational Risks of Banking and Insurance Institutions (Trial). No major incident that impairs the reputation occurred throughout the year, and reputation risk was stable and controllable on the whole. The Bank reinforced proactive management by shifting the focus upstream and further implemented proactive source management requirements. Additionally, the Bank strengthened risk assessments and alerts, issued risk warnings during critical periods, further enhanced the service awareness of the entire bank and improved the sensitivity in responding to public sentiment. The Bank deepened its coordinated efforts and further improved the efficiency of handling sensitive public sentiment. The Bank adopted a hierarchical management approach, with the head office taking the lead and various branches assuming graded responsibilities. It maintained a "7×24" hour public sentiment monitoring mechanism, enabling real-time tracking of sentiment trends and early warning and assessment of public sentiment, and effectively mitigating reputation risks. The Bank also took multiple measures to further solidify the foundation of reputation risk management. The Bank formulated an annual reputation risk management training plan, offering diversified and differentiated training for employees at different levels and positions. This ongoing effort aimed to foster a strong reputation risk management culture in the entire bank and continuously enhance the awareness and capabilities of all employees in preventing and controlling reputation risk.

# Risk Management

## Strategic Risk

Strategic risk refers to the risk that the strategy does not match the market conditions and the Bank's capabilities due to the ineffectiveness of the Bank's strategy making and execution processes or due to changes in external operating conditions. Strategic risk management refers to the effective identification, assessment, control and reporting of strategic risks by establishing and formulating relevant regulations and mechanisms, identifying and resolving the problems in strategic management such as positioning goals, development policies, and business models, thereby avoiding or minimizing material adverse impacts on the Bank.

The Bank proactively formulated its development strategies in combination with internal and external environment and policy orientation with five years as a strategic planning period in accordance with the cycle of national macro-economy planning, promptly carried out dynamic adjustments of the strategic planning according to changing situations, corrected strategy implementation deviation through regular evaluation and strengthened the transmission of the strategy, in order to prevent adverse impacts on the Bank's stable operation due to improper strategic decisions or ineffective strategy implementation. Unless in possession of relevant knowledge, resources and risk management capabilities of a certain business field, the Bank will not conduct business in such field. New products and new businesses shall be launched upon completion of approval procedures and based on necessary resources, technologies, processes and risk management capabilities. The Bank continued to conduct strategic monitoring and process management, carried out regular strategic implementation evaluation, and promoted and strengthened the building of strategy execution capability. The Bank paid close attention to the changes in the situation and implemented the latest decisions and deployments of the CPC Central Committee. The Bank conducted forward-looking strategic research and deployment following the trend of times and considering its transformation and development goals of "adhering to value orientation, promoting effective growth, improving profitability and achieving high-quality development". The Bank further consolidated and strengthened its strategic advantages and advanced resolutely towards its goal of becoming one of China's first-class commercial banks.

During the reporting period, to regularly evaluate strategy implementation, the Bank oriented itself to the market, dynamically evaluated the staged strategic objectives and the effects and deficiencies of strategy implementation, analyzed the opportunities and challenges in the future, and proposed pertinent development strategies for the following period. Meanwhile, the Bank regularly tracked and evaluated strategic risks under the comprehensive risk management system. The Bank formulated and issued the Contingency Plan for Strategic Risks of CGB to continuously improve the strategic risk management system. As of the end of 2023, the Bank's strategic risks were generally controllable, with no occurrence of strategic risk incidents and no significant negative impact on normal operations and management.

## Compliance Risk

Compliance risk refers to the risk of legal sanctions, regulatory punishments, significant financial losses and reputation losses resulting from a commercial bank's failure to obey laws, administrative laws and regulations, departmental rules and other normative documents, as well as industry standards, codes of conduct and professional ethics of self-regulatory authorities.

During the reporting period, the Bank focused on implementing the decisions and deployments of the Party Central Committee. In the face of a complex external environment and severe compliance and case risk prevention situation, the Bank firmly held the bottom line of preventing systemic risks. The year 2023 was set as the "year of compliance performance enhancement". The Bank vigorously cultivated a compliance culture, established and improved compliance risk control processes, strengthened compliance performance throughout the Bank, continuously improved anti-money laundering management mechanisms, promoted long-term mechanism construction, and continuously solidified the foundation of compliance management.

**Vigorously cultivate a compliance culture.** The Bank organized activities such as "top leaders speaking on compliance", the "2023 Guangfa Compliance Forum", as well as the "Learning Systems" and "Compliance Performance" micro-video competition. These activities advocate compliance concepts and promote compliance culture throughout the Bank. Using competitions to promote learning and construction, the Bank has continuously strengthened compliance awareness, and enhanced compliance performance capabilities. The Bank conducted "Learning Criminal Law and Upholding the Bottom Line" warning education and organized a series of training sessions called "Explaining Laws and Regulations". Also, the Bank carried out anti-money laundering training and publicity activities to enhance the anti-money laundering awareness and capabilities of all staff members and to raise public awareness of money laundering risks. Through annual themed compliance activities, the Bank encouraged the entire staff to participate in compliance performance, enhanced awareness of compliance and case risk prevention as well as compliance operation management, so as to solidify the foundation of compliance culture.

**Establish a sound compliance control process.**

The Bank strengthened compliance risk identification, assessment, investigation, and handling through proactive prevention, in-event control, and post-event rectification. The Bank coordinated, organized, promoted and supervised the implementation of compliance management responsibilities through mechanisms such as compliance review, inspection and rectification, evaluation and assessment, and serious accountability, and advanced the construction of a long-term and effective compliance management mechanism. The Bank integrated compliance review into its business processes. When dealing with significant decisions, major projects, new products, and new business initiatives, the Legal and Compliance Department provides legal compliance review opinions based on business and functional department needs, assisting in identifying and evaluating compliance risks. The Bank established a sound compliance reporting mechanism. In terms of regulatory reporting, if there are instances of violations or risks, the head office and branches report to the National Financial Regulatory Administration and its dispatched agencies. In terms of internal reporting, the senior management reports the overall compliance risk management situation to the Board of Directors and the Board of Supervisors, and the Legal and Compliance Department of the Head Office takes the lead in reporting compliance risk management to the senior management. Direct branches, specialized institutions, and CGB Wealth Management adopted a dual reporting method, with their Legal and Compliance Department reporting to both their own management and the head office's Legal and Compliance Department.

**Strengthen compliance performance across the Bank.**

The Bank deployed efforts to deepen compliance performance throughout the Bank, convened working meetings on promoting the deepening of compliance performance, issued the GGB 2023 Compliance Performance Strengthening Year Activity Plan and 2023 Compliance Performance Checklist of Head Office Departments, and coordinated efforts to strengthen compliance performance across the Bank. Focusing on the theme of strengthening compliance performance, the Bank emphasized the execution quality and effectiveness, and grassroots implementation of compliance performance work. The compliance performance checklist was incorporated into a thousand-point assessment system of annual internal control compliance to strengthen process management. Considering the actual business operations of the branches, the Bank organized head office departments to review important compliance performance matters for branches, issued the GGB Branch Compliance Performance Checklist, and strengthened grassroots compliance performance control. The Bank continued to conduct compliance performance theme promotion, organized periodic meetings throughout 2023 to deepen compliance performance across the Bank, held compliance performance promotion sessions, launched a compliance performance cloud classroom, and provided training on relevant knowledge and skills of compliance performance.

**Deepen employee behavior management.** The Bank improved its institutional framework, revised and issued the Management Measures for Criminal Cases, strengthened the legal handling of cases, clarified the principle of Individual and Business Relevance in cases, and enhanced the promotion of improvement through cases. The Bank revised the Code of Conduct for Employees to further specify that all levels of internal departments and branches should include the behavior of employees, if within the scope of their duties, in daily management work. The Bank enhanced warning education by conducting compliance culture promotion activities themed "Learning Criminal Law and Upholding the Bottom Line", published special learning materials, and used real-life cases to sound the alarm among employees. We revised and issued the Concise Reader of Financial Criminal Law, organized learning throughout the Bank, and enhanced employee awareness of case risk prevention and control through case-based discussions. The Bank organized and carried out self-inspection and self-correction activities of engagement in business or running enterprises among employees, using inspections to promote improvements and further implementing daily supervision mechanisms for employee behavior. We conducted regular home visits, heart-to-heart talks, and other daily supervision and management activities for employee behavior. It is explicitly emphasized during employee home visits to promote the education requirement of upright family values. We emphasized the tracking, verification, and closed-loop management of clues related to abnormal behavior, thereby strengthening the supervision of employee abnormal behavior.

**Complete the anti-money laundering management mechanism.**

The Bank deeply implemented the "risk-based" principle, actively fulfilled various anti-money laundering obligations, and comprehensively improved the quality and efficiency of anti-money laundering efforts. The Bank aligned with regulatory requirements, strengthened refined management, and continuously optimized the anti-money laundering system and process framework. A new generation of customer money laundering risk rating and risk warning systems was being planned and developed to establish online working mechanisms for customer due diligence and control, thereby enhancing money laundering risk prevention and control capabilities. The Bank explored the application of new technologies and constructed artificial intelligence suspicious monitoring models to advance the anti-money laundering intelligence transformation. The Bank established a sound inspection and supervision mechanism that combined on-site and off-site inspections, and strengthened the effectiveness of the second line of defense supervision. The Bank actively cooperated with regulatory agencies in various investigations and supervision activities, enhanced the management and sanction risk management of overseas branches, and strictly implemented risk prevention and control measures.



# Risk Management

## Information Technology Risk

Information technology risk refers to the operational risks, legal risks and reputation risks arising from natural factors, human errors, technical vulnerabilities and management defects during the application of information technology by a commercial bank. In practice, the Bank's information technology risk management includes business continuity management and outsourcing risk management.

The Bank set up an organizational structure for IT risk management, with the IT Department as the "first line of defense", the Legal and Compliance Department as the "second line of defense" and the Auditing Department as the "third line of defense". The Bank specified its goals, principles and frameworks for the IT risk management, formulated an institutional framework with information technology risk identification, assessment and monitoring as the main body, set forth policies covering production, operation and maintenance, development and test, information security, business continuity, outsourcing risk management strategies.

**In terms of information technology (IT) risk management,** the Bank continuously enhanced the architecture of IT risk management system, focused on strengthening IT governance capabilities, and improved the level of IT risk management. During the reporting period, the Bank conducted a comprehensive risk assessment, introduced risk assessment tools, optimized risk control processes, planned management systems, and clarified the direction of IT risk management system construction. The Bank organized a special investigation into IT risks, strengthened the supervision of the second line of defense for IT risks, and enhanced risk prevention awareness. The Bank accelerated the development of IT risk management talents, actively conducted training and promotion, and enhanced the performance capabilities of IT risk management personnel. The head office and branch offices worked together in three lines of defense to jointly build a solid IT risk defense line.

**In terms of business continuity management,** the Bank further refined division of responsibilities, established a sound business continuity management system, and achieved a "two locations and three centers" information system architecture for the Foshan Nanhai Data Center, Guangzhou Intra-city Backup Center and Beijing Off-site Disaster Recovery Center to meet the Bank's business continuity management needs. During the reporting period, the Bank improved the business continuity management system, and comprehensively revised regulations relating to business continuity management to continuously optimize the Bank's business continuity management mechanism. The Bank organized a comprehensive analysis of business

impact and risk assessment for business continuity at the bank-wide level, enhancing the management of business continuity for key business areas. The Bank made efforts to continuously develop and improve critical resources for business continuity, effectively enhancing the Bank's emergency response and handling capabilities through drills for key business areas, critical information systems, and support assurance.

**In terms of outsourcing risk management,** the Bank formulated and issued management measures, clarified organizational structure and division of responsibilities, and promoted the establishment of risk control processes for outsourcing risks in the pre-stage, during-stage, and post-stage. During the reporting period, the Bank aligned with new regulatory requirements, revised detailed implementation rules, and established a normalized outsourcing risk assessment and management mechanism to further promote the toolization and standardization of outsourcing risk management, thereby improving the level of outsourcing risk management. The Bank carried out continuous supervision and promotion for outsourcing risk management, along with normalized outsourcing project management, strict process supervision and control. The Bank organized outsourcing risk management RCSA assessments and conducted on-site inspections of major outsourcing vendors to strengthen the responsibilities of outsourcing risk management. The Bank made continuous efforts to strengthen outsourcing emergency management, including the development of outsourcing emergency drill plans and improvements to the outsourcing management system, expanded monitoring and warning scope, and strengthened warning reminder function and information identification and processing efficiency. The Bank also enhanced the development of outsourcing personnel teams, organized special training, and strengthened the performance capabilities of outsourcing risk management personnel.

## Exposure of Risks with Significant Amounts

According to the Administrative Measures for Exposure of Risks with Significant Amounts of Commercial Banks (Original Order No. 1 [2018] of the CBIRC), significant amount exposure refers to the exposure of commercial banks to a single customer or a group related customers in excess of 2.5% of their tier 1 capital. The Bank made great efforts to the management of significant amounts exposure risk by setting internal limits, dynamically monitored changes in exposure of risks with significant amounts and set early warnings, continuously to promote information system building and enhance the Bank's capability to prevent significant amounts exposures. As of the end of 2023, the Bank's significant amounts exposure indicators were controlled within the regulatory limit.

## Internal Control

The Bank has formulated the objectives and principles of internal control in accordance with relevant requirements of the Commercial Bank Law, the Guidelines on Internal Control of Commercial Banks and other laws and regulations, promoted the establishment of an internal control system consisting of five major elements including internal environment, risk assessment, control activities, information and communication and internal supervision, with the aim of managing and controlling the entire process of the Bank's operation and management, which continuously optimized its internal control system in practice.

During the reporting period, the Bank continuously advanced the establishment of its system, organized and conducted special inspections on internal control and compliance, optimized the coordination and rectification mechanisms for internal control and compliance inspections, improved the internal accountability system, and continued to enhance the construction of the platform which integrates internal control with compliance. These efforts aimed to enhance the Bank's internal control management capabilities and levels.

**Continuously promote system construction.** The Bank consistently regarded system construction as the cornerstone of compliance duties, made efforts in "top-level design", and reinforced lifecycle management. The Bank carried out scientific work on system "establishment, modification and abolition", strengthened the interpretation of new regulations and internalization of external regulations, and regularly abolished outdated systems, so as to promote the further improvement of the Bank's system, and firmly establish and strengthen the system framework. Additionally, the Bank conducted post-implementation evaluations of the systems, thoroughly re-examined and assessed them, targeted efforts to address system deficiencies and fill management gaps, thereby solidifying the foundation of internal control and compliance.

**Conduct internal control and compliance inspections and assessments.** The Bank coordinated and organized internal control inspections and evaluations to ensure the implementation of the internal control system. The Bank developed an annual internal control and compliance inspection plan, which comprehensively covered key business areas, major processes, and key branches. The Bank also formulated a special plan to investigate

and address compliance risks, organized comprehensive inspections among every department of the head office and CGB Wealth Management, and strengthened compliance risk rectification efforts. Furthermore, the Bank conducted a special inspection on the management and control of internal control and compliance issues at the grassroots level in 2023, evaluating the compliance risk management and control in areas such as grassroots compliance operations, system formulation and implementation, business inspection and rectification, and the behavior of employees in various lines. This endeavor facilitated the effective implementation of the compliance management mechanism in business lines.

**Enhance the management of problem rectification and accountability.** The Bank strengthened the rectification mechanism, emphasizing the analysis of identified issues, striving to draw inferences from one instance and apply them to others, and promoting rectification from fundamental aspects such as systems, processes, and infrastructure to build a long-term and effective mechanism. The Bank issued regulations and organized a series of specialized training sessions to further bolster the development of the internal accountability review team, leveraging accountability to drive compliance duties and ensure the effective implementation of systems. The Bank also intensified the utilization of problem rectification outcomes, analyzing rectification data to identify priorities in compliance risk control, refining compliance management measures, integrating inspection and rectification work into internal control and compliance assessments system, guiding compliant operations, and fostering a culture of compliance.

**Strengthen the construction of the internal control and compliance platform.** The violation point management module was seamlessly integrated throughout the Bank, with ongoing enhancements to its functionality. The Bank consistently refined the supervision and inspection module, optimized the issue rectification tracking process, enhanced system controls, and improved data quality as well as statistical analysis capabilities. Progress was made in the full-process internal accountability project construction, facilitating the integration and processing of data by promoting the integration of accountability data with relevant business systems, thus improving data utilization efficiency.

# Risk Management

## Internal Audit

The Bank operates an independent vertical internal audit management system. Internal audit department carries out its work under the direct leadership of the Board of Directors and the CPC Committee, to which it is accountable and reports its work. The Board of Directors has ultimate responsibilities for the independence and effectiveness of internal audit. The Audit Committee under the Board of Directors manages and guides the bank-wide audit with the authority from the Board of Directors. The Head Office has set up an Audit Department and four Regional Audit Centers in Guangzhou, Beijing, Shanghai and Wuhan to perform supervision, evaluation and consulting functions independently. During the reporting period, following the communist leadership and national strategies, focusing on the critical concerns of China Life Group and the CPC Committee of the Head Office, the Bank fully performed audit supervisory functions by enriching audit approaches and innovating audit methods to improve the Bank's corporate governance, internal control and risk management level.

**Hold fast to the bottom line of risk.** The Bank focused on credit risks and conducted audit supervision on key businesses, products, and branches from multiple dimensions both vertically and horizontally, promoting the prevention, discovery, and resolution of credit risks. The Bank prioritized compliance risk prevention, implemented regulatory compliance audit coverage requirements, undertook designated regulatory audit projects, paid attention to the effectiveness of risk control, highlighted key areas of management weakness, and pushed forward the improvement of management levels. Furthermore, the Bank zeroed in on the performance of leaders in key positions, focused on the internal control and risk management of branches and sub-branches, conducted in-depth unannounced inspections of branch operations to promote the healthy and sustainable development of each institution's business. Additionally, the Bank checked the rectification of problems and improved the closed-loop management of audit.

**Promote the optimization of operation management.**

Around the key area of converting the "kinetic energy" for high-quality development and focusing the digital transformation, data security, capital management and other key tasks, the Bank initiated audit inspections and surveys, put forward audit suggestions to continuously promote the improvement of the organizational structure, system process, and risk control, thus effectively improving management effectiveness and governance level.

**Improve risk control capabilities.**

The Bank improved the data audit infrastructure, continued to optimize basic technology platforms such as audit data and management platforms, strengthened the access to data audit resources, improved flexible analysis functions, and enhanced the intelligence level of data auditing. The Bank conducted tracking of audit issues to monitor rectification progress, deepened the application of audit results, and solidified the effectiveness of audit work. Additionally, the Bank refined the off-site audit monitoring system, and provided visual data analysis support so as to further enhance the ability to reveal risks.

**Promote the overall quality of audit team.**

The Bank continuously promoted the professional skills and comprehensive quality of the auditors, consistently optimized the professional structure of the audit team, and improved the overall performance of the whole team. In addition, the Bank remained dedicated to strengthening work manner construction, enforcing audit discipline to nurture a culture of excellence within the audit team.

# Capital Management

## Capital Allocation and Management

The Bank earnestly implemented the requirements of regulating capital, continuously strengthened capital management, and held fast to the bottom line of financial risk on the premise of meeting regulatory capital standards and with the aim of effectively covering and resisting risks, and supporting the steady development of business. During the reporting period, the Bank carried out comprehensive arrangement on the total capital and structure, and reasonably restricted the over-expansion of risk-weighted assets according to the management objective of the capital adequacy ratio, and ensured the stability of the capital adequacy ratio. Meanwhile, the Bank constantly improved the resource allocation and operation management mechanism, adopted the guideline of economic value-added and risk-adjusted return on capital, urged optimizing the asset portfolio and strived to enhance asset yields.

During the reporting period, the capital adequacy ratios at all levels of the Bank continued to exceed the regulatory requirements on systemically important banks.

## Capital Adequacy Ratio

### Overview of Capital Adequacy Ratio

The Group calculates its capital adequacy ratio in accordance with the Administrative Measures for Capital Management of Commercial Banks (Trial) and other regulatory requirements promulgated by the former CBIRC. The particulars at the end of 2023 are as follows:

Unit: RMB'000

Item	31 December 2023
Total net capital	326,009,476
Including: Core Tier-1 capital	231,993,215
Deductions of core Tier-1 capital	(4,336,028)
Net core Tier-1 capital	227,657,187
Other Tier-1 capital	44,991,071
Deductions of other Tier-1 capital	-
Net Tier-1 capital	272,648,258
Tier-2 capital	53,361,218
Deductions of Tier-2 capital	-
Total risk-weighted assets	2,498,637,198
Including: Credit risk-weighted assets	2,337,278,217
Market risk-weighted assets	26,453,233
Operational risk-weighted assets	134,905,748
Core Tier-1 capital adequacy ratio (%)	9.11
Tier-1 capital adequacy ratio (%)	10.91
Capital adequacy ratio (%)	13.05

- Notes:
1. Scope of calculation of capital adequacy ratio: The Group's consolidated basis includes CGB Wealth Management and all domestic and overseas branches.
  2. Measurement methods for risk-weighted assets concerning various risks: method of weighting for credit risk-weighted assets, standardized approach for market risk-weighted assets and basic indicator approach for operational risk-weighted assets. During the reporting period, there was no significant change in the measurement methods for various risk weighted assets, including credit risk, market risk and operational risk, the risk measurement system and relevant capital requirements.

# Capital Management

## Capital Composition

For more details of the Bank's capital composition according to the Regulations on Information Disclosure of Capital Composition of Commercial Banks issued by the former CBIRC, please refer to Investors Relationship on the Bank's website ([www.cgbchina.com.cn](http://www.cgbchina.com.cn)).

## Leverage Ratio

For details of the Bank's leverage ratios according to the Administrative Measures on Leverage Ratios of Commercial Banks (Revised) issued by the former CBIRC, please refer to Investors Relationship on the Bank's website ([www.cgbchina.com.cn](http://www.cgbchina.com.cn)).

## Capital Financing Management

As of the end of 2023, the balance of the Bank's capital bonds amounted to RMB78.5 billion. Details are as follows:

Bond code	Bond abbreviation	Amount (RMB'00,000,000)	Start Date	Coupon interest rate (%)	Bond maturity (year)	Bond type
1928031	19 CGB Perpetual Bond	450	27 September 2019	4.50	5+N	Perpetual bonds
2028044	20 CGB Tier-2 01	300	3 November 2020	4.26	5+5	Tier-2 capital bonds
2028045	20 CGB Tier-2 02	35	3 November 2020	4.51	10+5	Tier-2 capital bonds
<b>Total</b>		<b>785</b>				

## Implementation of New Capital Management Regulations

The Bank developed and established an internal rating system and continued to optimize models and support systems in accordance with regulatory requirements. The results of internal ratings have been increasingly applied in various risk management areas such as authorization management, industry access, credit policies, loan pricing, post-loan management, economic capital measurement, and asset impairment calculations. Based on the above efforts, the Bank closely monitored regulatory developments and carried out implementation work related to the new capital measurement regulations. During the reporting period, the Bank completed optimization and transformation of credit risk, operational risk, and market risk measurement in accordance with the requirements of the first pillar of the Administrative Measures for Capital Management of Commercial Banks, to ensure the timely implementation of the new capital measurement regulations.



## Strategic Cooperation with Major Shareholders

The Bank carried out all-around cooperation with its major shareholders in the principle of complementary advantages and mutual benefits. During the reporting period, the Bank cooperated with China Life Insurance Company Limited and members of its superior group in the fields including commission-based insurance distribution, commission-based fund distribution, cash management, investment banking, asset management, asset custody, inter-bank business and other fields. This cooperation significantly enhanced the synergies between banking and insurance, investment sectors, creating distinctive and differentiated comprehensive financial services advantages. Additionally, the Bank continually enhanced its ability to serve the country's development, support the real economy, and improve people's wellbeing.

The Bank cooperated with CITIC Trust Co., Ltd. mainly in the field of trust agency, investment banking and asset custody.

The Bank partnered with State Grid Yingda International Holding Group Co., Ltd. and other member companies of its parent company in such areas as commission-based insurance distribution, commission-based fund distribution, asset custody, third-party depository, capital transaction, comprehensive credit granting and deposit business.

The Bank cooperated with Jiangxi Communications Investment Group Co., Ltd. mainly in the field of deposits, loans, debenture underwriting, asset custody, etc.



# Prospects for the Bank's Future Development

## Industry Competition Landscape and Development Trend

In 2023, amidst complex internal and external environments, China's economy saw a resurgence and a positive trend under the strong leadership of the CPC Central Committee. China made solid efforts to promote high-quality development, made significant progress in the construction of a modern industrial system, achieved new breakthroughs in scientific and technological innovation, deepened reform and opening up, consolidated the foundation for secure development, took forceful and effective measures to ensure people's livelihood, and made substantial progress in building a modern socialist country in all respects. The banking industry earnestly implemented the decisions and deployments of the CPC Central Committee, adhered to the fundamental principle of providing financial services to the real economy, insisted on achieving a balance between development and security, and maintained overall stable operations.

The banking industry experienced steady growth in scale, with increased financial support directed towards key areas such as manufacturing, small and micro enterprises, technological innovation, green development, and rural revitalization. Asset quality remained stable, bolstering the industry's capacity to manage risks effectively and playing a crucial role in supporting economic stability. At the end of 2023, the total assets of commercial banks increased by 11.0% year-on-year, while the non-performing loan ratio stood at 1.59%, down 0.04 percentage points from the end of the previous year. Additionally, the provision coverage ratio was 205.14%, and the capital adequacy ratio was 15.06%.

The Central Financial Work Conference emphasized that efforts should be made to accelerate the construction of a financially robust country, strengthen financial regulation in all respects, improve the financial system, optimize financial services, prevent and resolve risks, unwaveringly follow the path of financial development with Chinese characteristics, and promote the high-quality development of China's finance industry to provide strong support for national rejuvenation and the comprehensive advancement of the construction of a powerful nation with Chinese-style modernization. Efforts should be made to create a favorable monetary and financial environment and effectively strengthen high-quality financial services for major strategies, key areas, and weaknesses. Efforts should also be made to carry out the "Five Priorities", namely technology finance, green finance, inclusive finance,

pension finance, and digital finance, build modern financial institutions and market systems, facilitate efficient channels for capital to flow into the real economy, and vigorously push for high-level financial openness while ensuring national financial and economic security. The Central Economic Work Conference pointed out the necessity to harmonize the expansion of domestic demand with the deepening of supply-side structural reforms, coordinate new-type urbanization with comprehensive rural revitalization, balance high-quality development with high-level security, effectively bolster economic vitality, prevent and address risks, improve social expectations, consolidate and strengthen the positive trajectory of economic recovery, and continuously promote both effective qualitative enhancement and reasonable quantitative growth in the economy.

Looking ahead to 2024, China's banking industry is poised to maintain sound development. Economic recovery will continue with a positive trend, creating a favorable external environment for the development of banking industry. Banking assets and liabilities and business are expected to grow steadily, total social financing and credit volume will maintain moderate and reasonable growth, and comprehensive social financing costs will remain stable with a downward trend. Efforts will be made to ensure funding for key areas such as major project construction, technological innovation, green transformation, inclusive small and micro enterprises, and digital economy. The focal points will revolve around the "Five Priorities". The banking industry will also work to support the expansion of domestic demand, help stimulate potential consumption, and expand beneficial investment so as to form a virtuous cycle of mutual promotion between consumption and investment. Full support will be provided for the implementation of the "Three Major Projects", including affordable housing, the construction of infrastructure for both both normal and emergency use, and village-in-city renovation. Efforts will also be made to foster stable and healthy development of the real estate market and serve initiatives such as "Going Global" and the Belt and Road construction. The industry's interest rate spread is expected to remain stable at low levels, intermediary businesses will achieve solid growth, profitability will remain stable, and asset quality and risk coverage indicators will stay at reasonable levels. Internally, the banking industry will continue to see divergence in growth, with the trend of specialized operations, distinctive development, streamlined operations, and digital transformation becoming increasingly prominent.

## Business Plan for 2024

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China and is a crucial year for implementing the "14th Five-Year Plan". The Bank will continue to follow the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, adhere to the overall working principle of "pursuing progress while ensuring stability, promoting stability through progress, establishing the new before abolishing the old", strive to achieve stability in terms of quality, efficiency, scale, and customer base, and work to achieve important progress in party building leadership, serving the overall interest, distinctive operation, and reform and transformation. In 2024, we will solidly carry out the following tasks: **Harnessing the functional role of finance.** We will actively integrate into the overall economic and social development, and conduct "Five Major Tasks of Finance" in technology finance, green finance, inclusive finance, pension finance, and digital finance. In addition, we will continue to strengthen the execution of the "Rooted in the Bay Area" strategy, aiming to become the main bank serving the construction of the Guangdong-Hong Kong-Macao Greater Bay Area. **Enhancing value creation.** We will focus on improving the "Five Forces of Value Creation", including portfolio management capabilities, pricing management capabilities, forward-looking predictive capabilities, resource integration capabilities, and goal execution capabilities. We will devote to increasing income and efficiency, meticulously promoting cost reduction and efficiency enhancement, and strengthening earnings growth momentum to deliver decent returns to our shareholders. **Cultivating operational distinctiveness.** We will work to build differentiated competitive advantages, deepen comprehensive financial services of the Group, and focus on the goal of "becoming a specialized bank serving the insurance industry", while consolidating the competitive advantage of the Guangfa Credit Card brand and promoting digital transformation to unleash the value of data. **Strengthening operational security.** We will persistently guard against and resolve risks, improve the credit management system, strengthen risk control in key areas, control the entry of new customers, reduce exposure to high-risk customers, enhance the effectiveness of collection and disposal, and unlock the potential of collections to create value.

## Possible Risks and Countermeasures

In 2024, both domestic and international economic situations remain complex and severe. Internationally, the complexity, severity, and uncertainty of the external environment are mounting, with the global landscape showing signs of divergence. The world is facing new geopolitical risks, and some overseas financial institutions are exhibiting financial fragility. Domestically, economic recovery and improvement require overcoming various difficulties and challenges. These include inadequate effective demand, overcapacity in some industries, weak social expectations, and numerous hidden risks. Risks associated with real estate and local government financing platforms still require further attention. Regulatory policies will continue to support major strategies, key areas, and vulnerable areas, and banks will strengthen the support for areas such as technological innovation, advanced manufacturing, green development, and micro, small and medium-sized enterprises, aiming to achieve high-quality development.

The Bank will closely monitor changes in both domestic and international environments, take prudent yet positive actions to maintain the balance between development and safety, combine comprehensive prevention with targeted control, integrate precise judgment with bottom-line thinking, merge scientific prevention with active resolution, become more proactive in risk management, and work to mitigate risks in key areas.

## Environmental and Social Responsibility

Adhering to the social responsibility concept of “focusing on people’s development to achieve a harmonious and win-win situation”, the Bank actively fulfilled its responsibilities as a member of a financial central enterprise, served the real economy, practiced green finance, promoted green operation, strengthened the protection of consumers’ rights and interests, helped with the construction of beautiful countryside, and performed well in public welfare and charitable undertakings, so as to continuously improve the brand value of CGB.

### Serve National Interests and Shoulder Responsibilities

The Bank thoroughly studied and implemented the spirits of the 20th CPC National Congress, and resolutely implemented the decisions and arrangements of the Party Central Committee to effectively serve national development and support the development of the real economy. The Bank focused on strategic emerging industries such as new-generation information technology, high-end equipment manufacturing, internet and biomedicine, and strengthened product innovation around the core customer industrial chain and industrial ecosystem. The Bank improved the long-term financial service mechanism under which enterprises dare to and are willing to and able to apply for loans to support the credit demand of private enterprises that are in line with the direction of national industrial development. It upgraded the exclusive technology finance brand dubbed “intelligent financing for science and technology innovation” and continuously enriched technology finance products and services. The Bank increased support for the manufacturing industry, fully leveraged its comprehensive financial advantages, promoted the issuance of medium- and long-term loans to the manufacturing industry as a concrete action to realize the political and people-oriented nature of finance, and fully expanded support to manufacturing enterprises that are aligned with the national strategic orientation and meet regulatory requirements.

During the reporting period, the Bank focused on “Tax Bank Connect 2.0”, “High-tech Enterprise E-loan”, “Easy Mortgage Loan” and “Small and Micro Enterprises Quick E-loan”, and encouraged branches to actively conduct marketing among high-quality small and micro enterprises, such as manufacturing and technological small and micro enterprises, to continuously improve the in-batch customer acquisition channels, and consolidate and upgrade the product scale. At the end of 2023, the outstanding loan balance of “Easy Mortgage Loan” product was RMB123.46 billion, an increase of 13.32% from the beginning of the year, and the outstanding loan balance of “Tax Bank Connect 2.0” product was RMB8.442 billion. During the reporting period, the Bank focused on promoting new energy vehicle consumption, and strengthened the financial services and consumption scenario integration to actively meet the demand for new energy vehicle financial services. In 2023, the Bank achieved an over 80% year-on-year increase in the amount of new energy vehicle consumption loans. Focusing on the diversified and personalized financial needs of new citizens and concentrating on key areas such as “strengthening credit supply, improving housing finance policies, supporting payroll service, optimizing basic financial services, enriching consumer financial services, upgrading pension financial services, and promoting financial knowledge”, the Bank launched nearly 100 new citizen

service projects, providing a package of inclusive finance services covering payroll services, entrepreneurship and business operation, as well as daily consumption, serving more than 16 million new citizen customers during the reporting period.

### Comprehensively Promote Rural Revitalization and Irrigate Rural Fertile Land with Finance

The Bank fully implemented the decision and arrangements of the CPC Central Committee on comprehensively advancing rural revitalization, and solidly promoted the rural revitalization work to improve quality and efficiency through a series of practical measures such as financial services, targeted assistance, consumption assistance, and charity, so as to contribute to rural revitalization in all respects. The Bank held an annual meeting to promote rural revitalization, formulated a work plan to serve rural revitalization, and propelled the implementation and effectiveness of key tasks. The Party Committees of the head office and branches conducted multiple field researches in rural areas in order to identify the real circumstances, roll out practical measures and promote development. The “Rural Revitalization Zone” of Guangfa E-mail sold nearly RMB30 million worth of supported agricultural products during the year. Taking the 15th anniversary of Guangfa Hope Charity Fund as an opportunity, the Bank launched the “Rural Youth Mental Health Assistance Program” to protect the mental health of young people and support rural education development.

The Bank increased financial support for key areas. The outstanding loan balance in the key area of grain industry increased by RMB10.006 billion compared with the beginning of the year, with the outstanding balance of loans to top grain-producing counties in the country’s 13 major grain-producing areas exceeding RMB10 billion. The Bank accelerated the promotion and implementation of the “rural revitalization” series loan products, and developed 70 special agriculture-assistant products in line with local conditions to meet the diversified financial needs in rural industry development. The Bank rolled out the “Agricultural E-loan” product, issuing loans totalling RMB1.364 billion. In addition, the Bank officially launched the rural revitalization financing risk compensation business in Guangdong in collaboration with the Agriculture and Rural Affairs Department of Guangdong Province, with 300 customers applying for inclusion in the financing risk compensation program, and built a comprehensive financial service system for the fishery industry, including products such as “Government Bank Loan Guarantee”, “Enterprise Bank Loan Guarantee” and “Agriculture Bank Loan Guarantee”. It provided financial support for the “Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages” in Guangdong Province, and won the “Outstanding Contribution Award for Financial Assistance to the Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages” by Guangdong Equity Exchange. The Bank’s measures and effects of serving the Project were made into a report, which was selected into the “Experience and Practice of Financial Support for the Project for Hundred Counties, Thousand Towns, and Ten Thousand Villages in Guangdong Province” compiled by the headquarters office of the Project.

## Implement the “Dual Carbon” Goals and Develop Green Finance

During the reporting period, the Bank formulated policies such as the Implementation Plan for Implementing Green Finance Guidelines of China Guangfa Bank and the Administrative Measures for Green Finance Statistics of China Guangfa Bank (For Trial Implementation), completed the formulation of green finance differentiated economic capital occupation and authorization plans, held a series of training sessions on green finance, and optimized the green finance technology system, continually improving its green finance management capabilities in terms of policies, mechanisms and systems.

In 2023, the Bank launched innovative businesses such as bamboo forest carbon sink pledge, ocean carbon sink pledge, and sustainable development-linked loans, and maintained rapid growth in green credit and green investment businesses. It achieved remarkable results in leveraging finance to support green and low-carbon transformation, and improved the total volume of green financial services as a whole.

With the launch of the online smart canteen system, the Bank realized on demand meal preparation, reduced operating costs, and achieved a year-on-year reduction in both natural gas consumption and kitchen waste emissions at canteens. The Bank continued to promote green and smart office, advocated systematic and online processing throughout the process, vigorously promoted paperless office, and effectively reduced document printing volume. It implemented management measures for energy conservation and emission reduction for company vehicles, and lowered the official vehicle usage frequency. The Bank continued to carry out optimization and transformation of the computer centre to save more energy, and kept reducing the equipment operation energy consumption and improving use efficiency through measures such as air conditioning fan automatic control. In addition, the Bank upgraded LED lamps at the EMC (Energy Management Contracting) garage and equipment room, greatly reducing electricity consumption.

## Help Employees Grow and Practice Charitable Deeds

Adopting a market-oriented talent selection and employment mechanism, the Bank has cultivated a high-quality talent team and promoted the construction of a digital talent team through various means such as open competition, post exchange, selection and promotion from reserve cadres and market-oriented introduction of talents. During the reporting period, the Bank comprehensively set up a new position system, further improved the scientific and standardized design of employees' career development, enhanced the regular working mechanism for training and selecting outstanding young cadres, built a cross-field training platform, intensified on-the-job training, and strengthened the construction of a young talent team. Meanwhile, the Bank made every effort to ensure the employment of college graduates and other key groups,

carried out spring campus recruitment for four consecutive years, launched summer intern recruitment for three straight years, and won the “China Best Employer Award” for the 13th consecutive year. Fully leveraging its role as a bridge, the Bank's labour union organized employee labour and skill competitions in partnership with business departments to create a benign atmosphere across the Bank advocating compliance, learning skills, developing expertise, and improving quality.

The Bank actively participated in charity activities and further strengthened the planning, fundraising, allocation of donated funds and other management work of Guangfa Hope Charity Fund. Taking its 15th anniversary as an opportunity, Guangfa Hope Charity Fund took multiple measures to “share philanthropic achievements and create a better future”. In 2023, the Fund allocated donated funds totalling RMB12.6 million and carried out over 10 kinds of projects in 11 provinces across China, benefiting more than 50,000 teachers and students. Specifically, the Fund allocated donated funds of RMB6.3 million to four counties paired up with China Life Insurance Group in poverty alleviation and Hunan Changsha Insurance Professional College, and over RMB5 million to 15 branches to provide strong support for local education assistance work. To vigorously support rural revitalization, the Bank donated RMB1 million through the “Charity China Tour” to support the industrial project development and infrastructure construction in Wenwuba Town, Huichang County, Ganzhou, Jiangxi Province. On Children's Day, the Bank held a “Mountain Sea and Love” cloud music party, attracting nearly 500,000 people to listen to the voice of charity and love and receiving over 270,000 praises and comments. In combination with the “12355 Entering the Campus” activity, Guangfa Charity Tour held the launching ceremony of the rural teenagers' mental health assistance program titled “Hearing the Voice of Guangdong Growing Youth”, a charity tour donation ceremony, psychological interactive lectures and themed classroom volunteer activities, bringing mental health support to teachers and students in 60 rural schools. In 2023, Guangfa Hope Charity Fund won the honorary recognition from the Guangdong Communist Youth League Committee as the “First Finance Industry Cooperative Unit of 12355 Platform”, the Hope Project Outstanding Contribution Award from the Guangdong Youth Development Foundation, the 2023 Enterprise ESG Development Forum – 2023 Enterprise ESG Special Case Award, the 13th China Public Welfare Festival – 2023 Public Welfare Project Award, the 2023 ESG Case Award, and the 2023 Public Welfare Communication Award, among others.



# Environmental and Social Responsibility

## Inclusive Finance

### Broad and inclusive Guangfa

Guided by Xi Jinping's Thought on Socialism with Chinese characteristics for a New Era, the Bank thoroughly implemented the spirit of the 20th CPC National Congress, resolutely practiced the political and people-oriented nature of financial work, earnestly implemented regulatory requirements, increased financial support for the real economy, and placed inclusive finance in a more prominent position in the Bank's operation and management. The Bank strengthened financial support for small and micro enterprise development, comprehensively promoted finance serving rural revitalization, and continually improved inclusive financial service system that was suitable for the real economy development.

### Improve Financial Service Quality and Efficiency for Rural Revitalization

The Bank thoroughly carried out the decisions and arrangements of the CPC Central Committee, resolutely implemented the requirements of regulatory policies, stuck to the theme of "keeping the bottom line, focusing on development and promoting revitalization", and adhered to the general principle of "adapting measures to local conditions, implementing policies based on the branch's situations, conducting prudent operation and keeping risks under control". The Bank focused on key agriculture and rural areas, steadily increased credit fund support, and continuously improved the quality and effectiveness of finance serving rural revitalization. The Bank established a leading group on finance promoting rural revitalization, with its party secretary and president as group leaders, to strengthen organizational management. The Bank printed and distributed the China Guangfa Bank Financial Service Work Plan for Rural Revitalization, formed a list of implementation items, and built a long-term mechanism for finance promoting rural revitalization. The Bank also incorporated financial services for rural revitalization into party building work assessment indicators, reinforced assessment guidance and strengthened responsibility fulfillment supervision from top to bottom level. The Bank vigorously promoted the implementation of the "Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages" in Guangdong Province, formulated the Action Plan for Offering Financial Services to the High-quality Development Project for One Hundred Counties, One

Thousand Towns and Ten Thousand Villages in Guangdong Province, and won awards such as "2023 Outstanding Case of Rural Revitalization Financial Service Innovation" by The Chinese Banker and "Helping Rural Revitalization Award" among the Excellent Inclusive Finance Cases by People.cn. The Bank signed the "Cooperation Agreement on Guangdong Rural Revitalization Financing Risk Compensation" with the Agriculture and Rural Affairs Department of Guangdong Province to increase financial support for key leading enterprises and agricultural industry clusters with Guangdong characteristics. In Zhanjiang 863 Base General Secretary Xi Jinping visited, the Bank provided credit support for Guangdong Evergreen Feed Industry operating there, and innovated and developed the "marine pasture fishery loan" product scheme around the company's upstream supply chain. The Bank actively explored new models featuring "industry and financing" such as "offshore photovoltaic + offshore mariculture" and "off shore pasture + offshore wind power", provided credit support for the offshore wind farm on Qingzhou Island in Yangjiang and fishery photovoltaic power generation at Haiyan Town in Taishan, and promoted the three-dimensional modern ocean development and utilization. At the end of 2023, the Bank had an outstanding agriculture-related loan balance of RMB170.999 billion, an increase of RMB23.437 billion from the beginning of the year, and an outstanding inclusive agriculture-related loan balance of RMB23.747 billion, an increase of RMB4.122 billion from the beginning of the year.

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## Conduct Deep and Practical Comprehensive Inclusive Finance Services

China set developing inclusive finance as a national strategy in the Third Plenary Session of the 18th CPC Central Committee, and emphasized enhancing financial inclusiveness in the Fifth Plenary Session of the 19th CPC Central Committee and the 14th Five-Year Plan. The Central Financial Work Conference highlighted the need to promote inclusive finance and allocate more financial resources to micro, small and medium-sized enterprises. The Bank made full use of the linkage between digital finance, technology finance and inclusive finance, strengthened the construction of institutional mechanisms, continuously improved the product system, strengthened comprehensive services for small and micro customers, and continually improved the quality and efficiency of comprehensive financial services. The Bank utilized the Internet and big data and other information technologies to dig deeply into financial data, improve its capability to develop accurate customer portrait, form an online product system covering credit, guarantee and mortgage loans, and actively explore the “online, paperless and intelligent” development of the inclusive financial credit business. For small and micro enterprise clients with good taxation performance, the Bank launched a new version of “Tax Bank Connect 2.0”. For small and micro technological enterprises and small and micro firms featuring “specialization, refinement, uniqueness and innovation (SRDI)”, the Bank launched the online credit products of “Technology E-loan” optimized edition and “SRDI E-loan” to support independent development of high-level science and technology. In the field of mortgage loan business, the Bank continued to promote the “Mortgage E-loan” online mortgage loan product, and innovatively launched “Guarantee E-loan” online credit product, effectively solving the problems of long process and low efficiency in the traditional financing guarantee credit business for small and micro enterprises. The Bank achieved steady growth in the scale of its flagship product “Easy Mortgage Loan”, with the outstanding loan balance exceeding RMB120 billion by the end of 2023. The Bank constantly strengthened the construction of customer acquisition channels, focused on specific customer groups such as business circle finance and supply chain finance, and rolled out special solutions such as “Cigarette Merchant Loan” and “Shopping Mall E-loan”. The Bank actively teamed up with leading platforms and carried out indepth cooperation with Jd.com, Douyin, Baidu and other online platforms, thus effectively expanding the scope of services and further extending its market influence. At the end of 2023, the Bank’s outstanding balance of inclusive small and micro enterprise loans was RMB178.589 billion, an increase of RMB19.396 billion or 12.18% compared with the

beginning of the year, which was 7.32 percentage points higher than the Bank’s overall loan growth rate. The loans served a total of 130,000 customers, and the average new loan interest rate for the whole year was 4.41%, down 70 bp from the previous year.

## Effectively Prevent and Resolve Risks Associated with Inclusive Finance

The Bank continued to improve the intelligent risk control system, incorporated digital risk control into all aspects of inclusive finance business before, during and after loan issuance, continually improved the online risk control system composed of “four lines of defence” and “five models” in light of the actual business, and further enhanced the intensive and professional level of credit risk management. The Bank continuously improved its internal control and compliance management capabilities, and actively built an inclusive finance compliance risk management mechanism in strict accordance with the internal control and compliance cultural concept of “internalizing external regulations, providing training for employees in performing duties, ensuring accountability for posts, checking implementation, providing alerts against risks and punishing violations”. Through a series of measures such as continuously improving policies and systems, optimizing work processes, refining compliance requirements, and strengthening supervision and inspection, the Bank incorporated a prudent compliance culture into a comprehensive risk management system featuring “full coverage, whole process, specialization and responsibility system”, continuously strengthened compliance management and risk case prevention and control, and effectively improved the quality and effectiveness of internal control compliance management to ensure the steady development of its inclusive finance business. At the end of 2023, the Bank’s non-performing loan ratio for inclusive small and micro enterprises was 1.00%.

## List of Honors

### People's Bank of China

The Second Prize of Financial Technology Development Award, 2022 Outstanding Institution of Credit Information System Data Quality Work

1

### Ministry of Industry and Information Technology

The Second Prize of 5G+ Commercial Finance Special Competition of the 6th "Blooming Cup" 5G Application Solicitation Competition

2

### China Foreign Exchange Trade System

Core Dealer, 2022 Best Technical Service Support Institution, Opening-up Participating Institution, Market Co-Construction Institution, and Cross-Border Investment Innovation Institution in the Inter-bank Foreign Exchange Market

3

### China Financial Certification Authority (CFCA)

Best Enterprise Mobile Banking, Mobile Banking Annual Comprehensive Strength Excellence Award

4

### Working Committee of Central and State Organs

The First Prize of Innovative Cases of "Learning New Ideas and Building a New Journey of Meritorious Service" of the Central and State Organs, the Third Prize of the Excellent Party Courses for Basic-level Party Secretaries, and the Third Prize of the Excellent Research Reports of Basic-level Party Organization

5

### PYSTANDARD

Excellent Innovative Wealth Management Company and Excellent Fixed-Income Wealth Management Product

6

### World Brand Lab

Ranked 9th of the Bank List of China 500 Most Valuable Brands

7

### Institute of Social Science Survey of Peking University, Zhaopin.com

Top China Best Employers for 13 consecutive years

8

### People.com.cn

Helping Rural Revitalization Award among the Excellent Inclusive Finance Cases, Craftsmanship Brand Award

9

### Xinhuanet

2023 Enterprise ESG Special Case

10

### China Financial Publishing House

Annual Brand Communication Case Award, Annual Integrated Marketing Case Award, Annual Popular Brand Case Award, Annual China Financial Brand Award

11

### Financial News

2022 Best Social Responsibility Bank and 2023 Best Brand Building Bank

12

### China Banking and Insurance News

2022 Annual Service Innovation Case of China Banking and Insurance Industry, 2023 Model of China Financial Product Communication (ESG Series Product Communication Case)

13

### China Banking and Insurance News

2023 Top 10 New Media Influence in China Banking, Top 20 ESG Comprehensive Performance among Private Banks, Annual Inclusive Finance Model Case, and Annual Social Responsibility Model Case

14

**The Chinese Banker**

2023 Annual Outstanding Transaction Banking Innovation Case,  
2023 Annual Outstanding Retail Banking Innovation Case

**The Chinese Banker**

2023 Annual Outstanding Financial Service Innovation Case for  
Rural Revitalization, 2023 Annual Outstanding Digital Wealth  
Management Innovation Case and 2023 Annual Outstanding  
Consumer Finance Innovation Case

**Southern Weekly**

Annual Gold Benchmark Financial Institution and Annual Rural  
Revitalization Contribution

**The Asian Banker**

China Best Frictionless Customer Relationship Management Project

**Global Finance**

Best Cross-border Trade Bank and Best Advanced Trading  
Technology Award

**21st Century Business Herald**

Excellent Case of the 21st Century Financial Development-  
2023 Low-carbon Bank, 2023 'Jinbei' Asset Management  
Competitiveness Case Collection • Products

**21st Century Business Herald**

2023 Popular Wealth Management Product, 21st Century  
Vitality • ESG Social Responsibility Case, and 2023 Bay Area  
Financial Innovation Case

**Securities Times**

2023 China Bank Tianji Award Guangdong-Hong Kong-  
Macao Greater Bay Area Outstanding Service Bank and  
Outstanding Wealth Management Team Award

**China Business Journal**

Outstanding Competitive Retail Bank

**National Business Daily**

Outstanding Wealth Management Bank Award of the Year,  
Outstanding Credit Card of the Year

**Sina.com**

The Most Innovative Asset Management Bank of the Year, the  
Innovative Small and Micro Enterprise Finance Bank of the Year  
and the Innovative Pension Financial Service Bank of the Year

**CAIJING.COM.CN**

Cross-border Financial Pioneer Award of the Year

**Annual Reports Archives/League of  
American Communications  
Professionals LLC**

The 2022 Annual Report of China Guangfa Bank won the  
LACP White Gold Award and Gold Award in 2023

**International Card Manufacturers  
Association (ICMA)**

Best Unique Innovation Award





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- 10个会员等级
- 365天会员权益
- 领3000积分
- 会员权益

**广发银行“广发薪”**

企业职工代发工资管理优选方案

广发银行“广发薪”，为企业人力资源提供“发薪快、核算准、支付稳、体验好”的一体化综合金融服务。

企业互心服务

- 代发工资
- 代发养老金
- 代发公积金
- 代发社保
- 代发个税
- 代发工会经费
- 代发其他

员工尊享服务

- 专属客服
- 专属通道
- 专属权益
- 专属培训
- 专属体检
- 专属保险
- 专属理财
- 专属信贷
- 专属出行
- 专属住宿
- 专属餐饮
- 专属娱乐
- 专属健身
- 专属美容
- 专属SPA
- 专属会所
- 专属会所
- 专属会所
- 专属会所



### 广发银行跨境人民币直通车

## 人民币通达世界

“凡依法可使用外汇结算的跨境交易，企业都可以使用人民币结算”

### 精彩一发 就属广发

# 敢争先 战到底

中国人寿 CHINA LIFE 广发银行 CHINA GUANGFA BANK  
— 保险 · 投资 · 银行 —

### “极智”视界 智慧未来

您身边的企业现金管理专家

### 精彩一发 就属广发

# 向上 无畏挑战

中国人寿 CHINA LIFE 广发银行 CHINA GUANGFA BANK  
— 保险 · 投资 · 银行 —

### 安居，如此简单

## 广发个人住房按揭贷款

广发个人住房按揭贷款

广发银行 中国人寿 中国人寿集团成员单位

### 用心陪伴 成9未来

广发手机银行 四大陪伴焕新而来

广发银行 中国人寿 中国人寿集团成员单位

# 发现精彩 开创未来

### 精彩一发 就属广发

# 并肩同行 戮力征服

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优质体验，享你所想

广发银行“优享贷”

广发银行 中国人寿 中国人寿集团成员单位

### 用实绩见证全新的实力

广发银行入选2023年中国500最具价值品牌第180位  
连续16年上榜  
位居银行榜单第9位

广发银行 中国人寿 广发银行 CHINA GUANGFA BANK  
— 保险 · 投资 · 银行 —

### 广发企业手机银行 金心为您

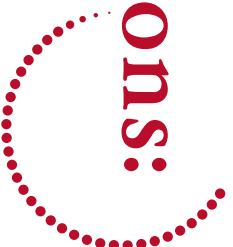
## 企业数智 尽在掌握

广发银行 中国人寿 中国人寿集团成员单位

The Bank strengthened the implementation of the strategy of “being rooted in the Greater Bay Area”, leveraged its advantages of comprehensive financial development, and continued to consolidate and coordinate resources. Focusing on serving national major strategic regions and key industries, the Bank innovated and launched one-stop, full-scene comprehensive financial solutions including insurance, investment and banking services, thus providing customers with higher-quality and more efficient financial services and marching toward a new stage of integrated development.

**Making Concerted Efforts for  
New Achievements**

**Distinctive Operations:**







## Significant Events

### Preliminary Profit Distribution Proposal

The Bank (as a legal person) made an after-tax profit of RMB15.799 billion in the audited 2023 financial statements. After the deduction of the dividends of RMB2.025 billion in capital bonds with no fixed term issued in 2023, the after-tax profit distributable for ordinary shareholders was RMB13.774 billion. The Bank intended to allocate RMB1.58 billion to the statutory surplus reserve, calculated at 10% of the after-tax profit. In accordance with the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20), issued by the MOF, the general risk reserve balance for financial institutions should not be lower than 1.5% of the ending balance of gross risk-bearing assets. At the end of 2023, the general risk reserve balance that should be maintained by the Bank is lower than the balance at the beginning of the year, so there is no need to allocate funds to the general risk reserve in 2023. As of the dividend benchmark date, a cash dividend of RMB0.804 (tax inclusive) per every 10 shares will be paid to all shareholders of record, amounting to RMB1.752 billion.

The above profit distribution plan is subject to the review and approval at 2023 annual general meeting of the Bank.

### Changes in Shareholding of Top 10 Shareholders during the Reporting Period

During the reporting period, Guangdong Yuecai Investment Holdings Co., Ltd., the former 8th largest shareholder of the Bank, transferred 210,000,000 shares of the Bank to its connected party, Guangdong Yuecai Asset Management Co., Ltd. Following the change in shareholding, Guangdong Yuecai Investment Holdings Co., Ltd. was not in the list of the Bank's top ten shareholders.

By the end of 2023, the Bank's top 10 shareholders are China Life Insurance Company Limited, CITIC Trust Co., Ltd., State Grid Yingda International Holdings Co., Ltd., Jiangxi Communications Investment Group Co., Ltd., Ministry of Finance of the PRC, AVIC Investment Holding Co., Ltd., Guangzhou City Construction Investment Group Co., Ltd., Brilliance Auto Group Holding Co., Ltd., Jiangsu Suzhou Steel Group Co., Ltd., and Hunan Xiang Jiang New Area Development Group Co., Ltd.

### Increase or Decrease of Registered Capital

During the reporting period, there were no changes in the registered capital of the Bank.

### Acquisition or Sale of Assets, Division and Merger of Enterprises

During the reporting period, the Bank made no significant acquisition or sale of assets or division or merger of enterprises.

### Significant Lawsuits and Arbitrations

During the reporting period, the Bank didn't have any significant lawsuits or arbitrations.

As of the end of 2023, the Bank still has pending litigation or arbitration cases as a defendant or respondent with a principal

amount of RMB11.298 billion (including RMB10.841 billion involved in the litigation arising from Huizhou Qiaoxing Risk Incident). The Bank has made the appropriated reserve for the estimated progress of the involved lawsuit cases and disputes in accordance with relevant requirements. The aforesaid events may have an impact on the Bank's financial condition or business results to a certain extent.

### Significant Events concerning Custody, Guarantees, Commitments and Entrustment of Asset Management during the Reporting Period

#### Major Custody, Contracting and Leasing

During the reporting period, there were no major events concerning custody, contracting and leasing of other companies' assets or custody, contracting and leasing of the Bank's assets by other companies apart from the asset custody business conducted by the Bank within the business scope as approved by the National Financial Regulatory Administration.

#### Material Guarantees

During the reporting period, there were no material guarantee events apart from the financial guarantee business conducted by the Bank within the business scope as approved by the National Financial Regulatory Administration.

#### Entrustment of Cash Asset Management

During the reporting period, there were no events concerning the entrustment of cash asset management.

### Connected Transactions

#### Overview of Connected Transactions

The Bank has established an organizational structure for connected transaction management, featuring the management by the General Meeting of Shareholders, the Board of Directors, the Connected Transaction Control Committee under the Board of Directors and the senior management, the supervision by the Board of Supervisors according to laws, and division of labour and cooperation among functional departments. The General Meeting of Shareholders is responsible for reviewing and approving connected transactions subject to its approval. The Board of Directors is responsible for reviewing and approving the management system of connected transactions, reviewing and approving major connected transactions and those authorized by the General Meeting of Shareholders; and it bears the ultimate responsibility for the management of connected transactions of the Bank. The Connected Transaction Control Committee under the Board of Directors assists the Board of Directors to manage connected transactions, controls the risks of connected transactions, and puts forward specific opinions and suggestions to the Board of Directors. The Board of Supervisors is responsible for supervising the deliberation, voting and implementation of connected transactions. The senior management is responsible for guiding and coordinating the management of connected transactions of the whole bank, and promoting the improvement of the internal control mechanism and risk management of connected transactions. When conducting connected transactions, the Bank complies with the relevant requirements of the Administrative

Measures for Connected Transactions of Banking and Insurance Institutions (former CBRC Order No. 1 [2022]) and the Governing Rules for Connected Transactions of China Guangfa Bank; Follows the principle of honesty and credit, open and fair, look-through identification and clear structure; In accordance with commercial principles, on terms no better than those for similar transactions with non-connected parties. Connected transactions are as follows:

1. Connected transactions of credit granting business. By the end of 2023, the credit balances between the Bank and the connected parties under the calibre of the National Financial Regulatory Administration totalled RMB19.872 billion. According to paragraph 3 in Article 16 of the Administrative Measures for Connected Transactions of Banking and Insurance Institution (former CBRC Order No. 1 [2022]), the credit balances between the Bank and connected parties are not included in the statistics when calculating the proportion of credit balance between the Bank and connected parties. After deducting the credit balance of CITIC Bank of RMB6.988 billion, the credit balance of the connected party is RMB12.884 billion, accounting for 4.02% of the Bank's net capital at the end of 2023. The credit connected transactions between the Bank and major shareholders and their groups are as follows: the credit balance between the Bank and China Life Insurance Company Limited and its group is RMB3.406 billion, accounting for 1.06% of the Bank's net capital at the end of 2023. The credit balance between the Bank and CITIC Trust Co., Ltd. and its group is RMB11.280 billion, accounting for 1.34% of the Bank's net capital at the end of 2023 after deducting the credit balance of CITIC Bank of RMB4.292 billion. The credit balance between the Bank and State Grid Yingda International Holdings Co., Ltd. and its group is RMB1.510 billion, accounting for 0.47% of the Bank's net capital at the end of 2023. The credit balance between the Bank and Jiangxi Communications Investment Group Co., Ltd. and its group is RMB2.548 billion, accounting for 0.80% of the Bank's net capital at the end of 2023. The credit balance between the Bank and Guangzhou City Construction Investment Group Co., Ltd. and its group is RMB0.842 billion, accounting for 0.26% of the Bank's net capital at the end of 2023. The credit balance between the Bank and Shantou Investment Holding Group Co., Ltd. and its group is RMB0. The Bank's credit balance to a single connected party does not exceed 10% of the Bank's net capital at the end of 2023, the total credit balance to the group of a single connected party does not exceed 15% of the Bank's net capital at the end of 2023, and the Bank's credit balance to all related parties does not exceed 50% of the Bank's net capital at the end of 2023, which meets the relevant regulatory ratio requirements.

2. Connected transaction of non-credit business. In 2023, the accumulative amount of non-credit connected transactions of the Bank was RMB126.347 billion. The non-credit connected transactions between the Bank and its major shareholders and their groups are as follows: The total amount of non-credit connected transactions between the Bank and China Life Insurance Company Limited and its group is RMB9.109 billion. The total amount of non-credit connected transactions between the Bank and CITIC Trust Co., Ltd. and its group is RMB115.294 billion, among which, CITIC Bank is RMB104.179 billion, and CITIC Bank International Limited is RMB0.742 billion. The total amount of non-credit connected transactions between the Bank and State Grid Yingda International Holdings Co., Ltd. and its group is RMB460 million. The total amount of non-credit connected transactions between the Bank and Jiangxi Communications Investment Group Co., Ltd. and its group is RMB292 million. The total amount of non-credit connected transactions between the Bank and Guangzhou City Construction Investment Group Co., Ltd. and its group is RMB514 million. The total amount of non-credit connected transactions

between the Bank and Shantou Investment Holding Group Co., Ltd. and its group is RMB2 million. The pricing of non-credit connected transactions of the Bank is in line with the principles of integrity and fairness. Based on the market, the pricing for connected parties is not better than that of similar non-connected parties, and there is no harm to the Bank and shareholders' interests.

### Substantial Connected Transactions

During the reporting period, the Bank did not engage in any substantial connected transactions.

### NPL Balance of Connected Transactions

As of the end of 2023, there were no NPL in regard to connected transactions.

### Penalties on the Commercial Bank, its Directors, Supervisors and Senior Executives by Relevant Regulatory and Judiciary Authorities

During the reporting period, the Bank was not under investigation for suspected criminal activities and did not receive any significant administrative penalties from other relevant authorities that would have a major impact on its operations. In December 2023, Fang Qi, former member of the CPC Committee of the Bank, was expelled from the Party and dismissed from public office. He was suspected of committing crimes related to his duties and was transferred to the procuratorial authority for investigation and prosecution. Save as the above, based on the information available to the Bank, there are no other Directors, Supervisors, or Senior Management of the Bank who are suspected of crimes and have been subjected to coercive measures according to law, nor are there any who are suspected of serious violations of discipline or law, or duty-related crimes and have been placed under disciplinary measures by the disciplinary and supervisory authorities, which would affect their performance of duties. There are also no individuals who have been subjected to coercive measures by other competent authorities due to suspected violations of laws or regulations, which would affect their performance of duties.

### Engagement and Dismissal of Accounting Firms

Subject to the resolution made in the First Extraordinary General Meeting of Shareholders of the Bank on 27 February 2024, the Bank appointed Ernst & Young Hua Ming LLP (Special General Partnership) as the Bank's 2023 external auditor to audit the Bank and issue an audit report in accordance with the 2023 financial statements prepared in the light of the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards respectively. The term of office expires at the end of the 2023 Annual General Meeting of Shareholders, and the remuneration is RMB5.88 million. In 2023, Ernst & Young Hua Ming LLP (Special General Partnership) served as the Bank's auditor for the first year.

### Other Significant Events

During the reporting period, there were no other significant events.



## Changes in Shareholding and Shareholders' Profile

### Changes in Shareholding

Unit: Share

Nature of shares	Before changes during the year	Shareholding (%)	Changes during the year increase (decrease)	After changes during the year	Shareholding (%)
Shares held by the State	1,190,518,724	5.464	(186,318)	1,190,332,406	5.463
Shares held by State – owned legal entities	19,610,511,138	89.998	(744,023)	19,609,767,115	89.995
Shares held by individuals	1,648,840	0.008	–	1,648,840	0.008
Shares held by other domestic investors	987,182,009	4.530	930,341	988,112,350	4.534
Total	21,789,860,711	100.000	–	21,789,860,711	100.000

### Number of Shareholders and Shareholdings

As at the end of 2023, there were a total of 455 institutional shareholders and 1,293 natural-person shareholders in the Bank, holding 21,789,860,711 shares.

### Pledged and Frozen Shares

At the end of 2023, there were 4 shareholders (whose shares accounted for 0.441% of the total share capital) of the Bank involved in judicial freezing of pledged equity. There were no pledged or frozen shares held by major shareholders of the Bank.

### Profile of Top 10 Shareholders at the end of the reporting period

Unit: Share

Name of shareholders	Increase/decrease during the reporting period	Shares held	Shareholding (%)
China Life Insurance Company Limited	–	9,519,210,262	43.686
CITIC Trust Co., Ltd.	–	3,080,479,452	14.137
State Grid Yingda International Holdings Co., Ltd.	–	1,943,533,352	8.919
Jiangxi Communications Investment Group Co., Ltd.	–	1,783,343,771	8.184
Ministry of Finance of the People's Republic of China	–	1,136,946,100	5.218
AVIC Investment Holding Co., Ltd.	–	762,469,249	3.499
Guangzhou City Construction Investment Group Co., Ltd.	–	744,013,552	3.414
Brilliance Auto Group Holding Co., Ltd.	–	223,596,793	1.026
Jiangsu Suzhou Steel Group Co., Ltd.	–	222,777,231	1.022
Hunan Xiang Jiang New Area Development Group Co., Ltd.	–	217,898,607	1.000
Total	–	19,634,268,369	90.105

- Notes:
- As at the end of the reporting period, "China Life Insurance Company Limited" and "AVIC Investment Holding Co., Ltd." constituted a connected relationship.
  - As at the end of the reporting period, "State Grid Shanghai Power Company", a connected party of "State Grid Yingda International Holdings Co., Ltd." held 0.099% shares in the Bank.
  - Apart from the aforementioned situations, the Bank is not aware of any connected or concerted action relationships among the shareholders mentioned above.

## Introduction of Shareholders Holding 5% or More of the Bank's Shares

### China Life Insurance Company Limited

China Life Insurance Company Limited is a life insurance company established in Beijing, China on 30 June 2003 according to the Company Law and the Insurance Law of the People's Republic of China. The Company was successfully listed overseas in December 2003 and returned to the domestic market as an A-share listed company in January 2007. The Company's registered capital is RMB28,264,705,000.

China Life Insurance Company Limited is a leading life insurance company in China and possesses an extensive distribution network comprising exclusive agents, direct sales representatives, and dedicated and non-dedicated agencies. The Company is one of the largest institutional investors in China, and becomes one of the largest insurance asset management companies in China through its controlling shareholding in China Life Asset Management Company Limited. The Company also has controlling shareholding in China Life Pension Company Limited.

### CITIC Trust Co., Ltd.

Established on 1 March 1988, CITIC Trust Co., Ltd. is a national non-banking financial institution focusing on trust business, an important member of CITIC Group, and one of the leading players in China's trust industry in terms of comprehensive operation strength. Its registered capital is RMB11.276 billion and its legal representative is Lu Wei.

### State Grid Yingda International Holdings Co., Ltd.

State Grid Yingda International Holdings Co., Ltd. was established in December 2010, with a registered capital of RMB102.2 billion. Its legal representative is Yang Dongwei. It is a wholly-owned subsidiary and a financial asset investment management platform of State Grid Corporation, fulfilling the responsibilities of investor and business management for financial units. Under the strong leadership of the Party Committee of State Grid Corporation, State Grid Yingda International Holdings Co., Ltd. adheres to the positioning of financial business, which is rooted in the main business, serves the industry, strengthens the industry with finance and creates value, and goes out on a road of development with the integration of industry and finance with the characteristics of State Grid. At present, State Grid Yingda International Holdings Co., Ltd. holds financial company, property insurance, life insurance, insurance broker, insurance asset management, trust, securities, futures, public fund, industrial fund, financial leasing, factoring, investment, carbon finance and other financial or quasi-financial licenses.

### Jiangxi Communications Investment Group Co., Ltd.

Jiangxi Communications Investment Group Co., Ltd. was established on 28 November 2009, with a registered capital of RMB9.505 billion and the legal representative of Xie Jianfa. The group directly manages 17 wholly-owned and controlled subsidiaries (including 2 listed companies), 11 directly subordinate road-section management centers, 13 shareholding subsidiaries, with subordinate entities and employees reaching over 860 and 18,000 respectively. Its corporate credit is rated as AAA, and it has ranked among Top 500 in China's service industry for several consecutive years. It operates and manages 5,790 km expressway, accounting for 86% of the traffic mileage of the province. The business is mainly divided into four sections: transportation infrastructure investment, construction and operation, engineering construction, financial investment and roadside resources development.

### Ministry of Finance of the People's Republic of China

The Ministry of Finance of the People's Republic of China was founded in October 1949. As a department of the State Council in China, it is in charge of fiscal revenue and expenditure, tax policy formulation, financial supervision and other matters. The Minister is Lan Foan (藍佛安). The Ministry of Finance implements the guidelines, policies, decisions and arrangements of the CPC Central Committee on financial and economic work, and upholds and strengthens the Party's centralized and unified leadership over financial work in the process of performing its duties.

## Changes in Shareholding and Shareholders' Profile

### Major Shareholders and their Controlling Shareholders, Actual Controllers, Connected Parties, Persons Acting in Concert, and Final Beneficiary

During the reporting period, there were no controlling shareholders or actual controllers of the Bank.

In accordance with the Interim Measures for Equity Management of Commercial Banks, as of the end of the reporting period, the major shareholders of the Bank included China Life Insurance Company Limited, CITIC Trust Co., Ltd., State Grid Yingda International Holdings Co., Ltd., Jiangxi Communications Investment Group Co., Ltd., the Ministry of Finance of the People's Republic of China, Guangzhou City Construction Investment Group Co., Ltd. and Shantou Investment Holding Group Co., Ltd. According to the information provided by shareholders above, they did not have persons acting in concert in the Bank.

The controlling shareholder and the final beneficiary of China Life Insurance Company Limited is China Life Insurance (Group) Company, and the actual controller is the Ministry of Finance of the People's Republic of China. Its major connected parties include China Life Insurance Asset Management Co., Ltd., China Life Pension Company Limited, China Life AMP Asset Management Co., Ltd., China Life Property & Casualty Insurance Company Limited and China Life Investment Management Company Limited. As of the end of 2023, there is no concerted action relationship between China Life Insurance Company Limited and other shareholders of the Bank. China Life Insurance Company Limited holds 9,519,210,262 shares of the Bank, accounting for 43.686% of the total shares. Its connected party, AVIC Investment Holdings Co., Ltd., holds 762,469,249 shares of the Bank, accounting for 3.499% of the total shares.

The controlling shareholder of CITIC Trust Co., Ltd. is CITIC Financial Holdings Co., Ltd., the actual controller and the final beneficiary is CITIC Group Corporation. The major connected parties included CITIC Financial Holdings Co., Ltd., CITIC Corporation Limited, CITIC Limited, CITIC Juxin (Beijing) Capital Management Co., Ltd., CITIC Xinhui International Capital Co., Ltd. As of the end of 2023, CITIC Trust Co., Ltd. has no connected or concerted action relationship with other shareholders of the Bank.

The controlling shareholder of the State Grid Yingda International Holdings Co., Ltd. is State Grid Co., Ltd., and the actual controller and the final beneficiary is the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, and major connected parties include State Grid Yingda Co., Ltd., China Power Financial Co., Ltd., Yingda Taihe Property Insurance Co., Ltd., Yingda Taihe Life Insurance Co., Ltd., Yingda Chang'an Insurance Brokers Co., Ltd., and State Grid International Leasing Co., Ltd. As of the end of 2023, State Grid Yingda International Holdings Co., Ltd. has no concerted action relationship with other shareholders of the Bank. State Grid Yingda International Holdings Co., Ltd. holds 1,943,533,352 shares of the Bank, accounting for 8.919% of the total shares. Its connected party, State Grid Shanghai Power Company, holds 21,570,898 shares of the Bank, accounting for 0.099% of the total shares.

The controlling shareholder, the actual controller and the final beneficiary of Jiangxi Communications Investment Group Co., Ltd. is the Department of Transportation of Jiangxi Province (With the consent of People's Government of Jiangxi Province, Department of Transportation of Jiangxi Province plans to transfer 90% of the equity held to Jiangxi State-owned Capital Operation Holding Group Co., Ltd. As of the end of 2023, the above matters have not completed the industrial and commercial change registration. After the completion of the industrial and commercial change registration, the controlling shareholder will be changed to Jiangxi State-owned Capital Operation Holding Group Co., Ltd., and the actual controller and the final beneficiary will be changed to Jiangxi Province State-owned Assets Supervision and Administration Commission, and the major connected parties include Jiangxi Highway Development Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Transportation Engineering Group Co., Ltd., Jiangxi Changxing Expressway Service Area Development and Management Co., Ltd., Jiangxi Communications Design and Research Institute Co., Ltd., Jiangxi Transportation Investment Consultancy Group Co., Ltd., Jiangxi Communications Investment Group Finance Co., Ltd., Jiangxi Expressway Asset Management Co., Ltd., Jiangxi Transportation Investment Digital Intelligence Technology Co., Ltd., Jiangxi Transportation Investment Fossil Energy Co., Ltd., and Guosheng Financial Holding Inc. As of the end of the reporting period, Jiangxi Communications Investment Group Co., Ltd. has no connected or concerted action relationship with other shareholders of the Bank.

The Ministry of Finance of the People's Republic China is a department under the State Council in charge of revenue and expenditure, taxation policy formulation and financial supervision. According to the Administrative Measures for Connected Transactions of Banking and Insurance Institution, the national administrative organs and government departments do not apply the supervision provisions on the management of connected parties.

Guangzhou City Construction Investment Group Co., Ltd. was established in December 2008 with a registered capital of RMB17.524 billion. It is a large state-owned enterprise specializing in urban infrastructure investment, financing, construction, operation and management. The controlling shareholder, actual controller, and final beneficiary of Guangzhou City Construction Investment Group Co., Ltd. is the State-owned Assets Supervision and Administration Commission of People's Government of Guangzhou City. Its major connected parties include Guangzhou Industrial Investment Fund Management Co., Ltd., Guangzhou Tower Tourism Culture Development Co., Ltd., Guangzhou Restaurant Group Co., Ltd., and Guangzhou Pearl River Piano Group Co., Ltd., etc. As of the end of 2023, Guangzhou City Construction Investment Group Co., Ltd. holds 744,013,552 shares of the Bank, accounting for 3.414% of the total shares, and has nominated one Director to the Bank. There are no connected or concerted action relationships between Guangzhou Urban Construction Investment Group Co., Ltd. and other shareholders of the Bank.

Shantou Investment Holdings Group Co., Ltd. was established in August 2018 with a registered capital of RMB260 million. The controlling shareholder, actual controller, and final beneficiary of Shantou Investment Holdings Group Co., Ltd. is the State-owned Assets Supervision and Administration Commission of People's Government of Shantou City. Its major connected parties include Shantou City Construction Development Co., Ltd., Shantou Energy Investment Co., Ltd., and Shantou Water Investment Co., Ltd., etc. As of the end of 2023, Shantou Investment Holdings Group Co., Ltd. holds 23,323,753 shares of the Bank, accounting for 0.107% of the total shares, and has appointed one Supervisor to the Bank. Shantou Investment Holdings Group Co., Ltd. has no concerted action relationship with other shareholders of the Bank. Its connected party, Shantou Hengyi Shun Tendering and Procurement Service Co., Ltd., holds 1,795,997 shares of the Bank, accounting for 0.008% of the total shares.

# Directors, Supervisors, Senior Executives and Staff

## Directors, Supervisors and Senior Executives

### Incumbent Directors, Supervisors and Senior Executives

Name	Title	Gender	Age	Appointment Date	Total remuneration paid by the Bank (RMB'000)				Whether they have received compensation from a shareholder entity or any other connected parties
					Remuneration/ Allowances (Before Tax) (1)	Employer's contributions to social insurance, housing provident fund, enterprise annuity, and supplementary medical insurance (2)	Other monetary income (3)	Total before-tax amount (4)=(1)+(2)+(3)	
Bai Tao	Director and Chairman of the Board of Directors	Male	60	2022/05/20	-	-	-	-	Yes
Wang Kai	Director, Vice Chairman and President	Male	51	2021/05/17	-	-	-	-	Yes
Wang Bing	Director	Male	57	To be approved by regulatory authorities	156.46	37.52	-	193.98	No
Yu Shengquan	Director	Male	58	To be approved by regulatory authorities	-	-	-	-	Yes
Liu Hui	Director	Female	53	2024/01/25	-	-	-	-	Yes
Yang Dongwei	Director	Male	53	2021/04/02	-	-	-	-	Yes
Xu Yuehong	Director	Male	45	2024/01/25	-	-	-	-	Yes
Zhang Linfu	Director	Male	48	To be approved by regulatory authorities	-	-	-	-	Yes
Guo Yunzhao	Independent Director	Male	57	2020/09/29	39.64	-	-	39.64	No
Chen Shimin	Independent Director	Male	65	2021/01/08	39.50	-	-	39.50	No
Zhao Xudong	Independent Director	Male	64	2020/09/29	40.14	-	-	40.14	No
Wang Xi	Independent Director	Male	53	2023/03/13	29.53	-	-	29.53	No
Wang Zhulin	Independent Director	Male	58	To be approved by regulatory authorities	-	-	-	-	No
Luo Yubing	Employee Supervisor and Chairman of the Board of Supervisors	Male	54	2020/10/16 (Employee supervisor) 2020/11/16 (Chairman of the Board of Supervisors)	179.06	36.81	-	215.87	No
Lu Zeyuan	Shareholder Supervisor	Female	51	2023/06/20	17.96	-	-	17.96	Yes
Li Weiyi	External Supervisor	Male	42	2020/06/23	30.00	-	-	30.00	No
Tan Youchao	External Supervisor	Male	40	2023/06/20	16.61	-	-	16.61	No
Pan Hua	Employee Supervisor	Female	50	2022/12/20	105.72	24.65	-	130.37	No
Guan Tiejun	Employee Supervisor	Female	52	2023/06/20	59.65	11.56	-	71.21	No
Chen Xiangrong	Secretary of Discipline	Male	59	2018/07/11	156.46	33.63	-	190.09	No
Li Guangxin	Secretary to the Board of Directors	Male	52	2019/09/06	157.06	35.83	-	192.89	No
Lin Deming	Vice President	Male	56	2021/06/07	156.46	34.03	-	190.49	No
Li Xiaoshui	Vice President	Male	49	2024/03/29	153.79	29.92	-	183.71	No
Li Bing	Vice President	Male	48	To be approved by regulatory authorities	39.04	7.12	-	46.16	No
Li Huaigen	Chief Information Officer	Male	52	2024/03/25	49.87	8.68	-	58.55	No
Jin Qian	Chief Credit Officer	Female	50	2024/03/25	39.00	6.52	-	45.52	No

- Notes:
- During the reporting period, Bai Tao, Wang Kai, Yu Shengquan, Liu Hui, Yang Dongwei, Xu Yuehong, Zhang Linfu and other directors did not receive remuneration from the Bank; the director Wang Bing serves as a member of the Party Committee of the Bank and also the Secretary of the CPC Committee and Chairman of CGB Wealth Management Co., Ltd., and receives remuneration in accordance with his management position.
  - During the reporting period, five directors including Bai Tao, Wang Kai, Wang Bing, Yu Shengquan and Liu Hui were nominated by China Life Insurance Company Limited, Yang Dongwei was nominated by State Grid Yingda International Holdings Co., Ltd., Xu Yuehong was nominated by Jiangxi Communications Investment Group Co., Ltd., and Zhang Linfu was nominated by Guangzhou City Construction Investment Group Co., Ltd.
  - On 20 June 2023, at the Bank's 2022 annual general meeting, Ms. Lu Zeyuan was elected as a Shareholder Supervisor of the ninth session of Board of Supervisors, and Mr. Tan Youchao was elected as an External Supervisor of the ninth session of Board of Supervisors.
  - On 5 June 2023, at the third plenary session of the fourth session of the Employee Representative Conference of the Bank, Ms. Guan Tiejun was elected as an Employee Supervisor of the ninth session of Board of Supervisors. Her term of office will take effect from the date of the election of the ninth session of Shareholder Supervisors and External Supervisors at the General Meeting (i.e., 20 June 2023).
  - The final compensation for the year 2023 is currently being confirmed, and the remaining details will be disclosed once confirmed.



## Retired Directors, Supervisors and Senior Executives during the Reporting Period and as of the Disclosure Date of the Annual Report

Name	Title	Gender	Age	Appointment Date	Total remuneration paid by the Bank (RMB0'000)				Whether they have received compensation from a shareholder entity or any other connected parties
					Remuneration/ Allowances (Before Tax) (1)	Employer's contributions to social insurance, housing provident fund, enterprise annuity, and supplementary medical insurance (2)	Other monetary income (3)	Total before-tax amount (4)=(1)+(2)+(3)	
Yin Yi	Former Director, Former Executive Vice President	Male	61	2016/12/15-2023/01/03 (Director) 2016/12/15/-2023/03/22 (Executive Vice President)	-	-	-	-	No
Su Hengxuan	Former Director	Male	60	2020/09/29-2023/06/20	-	-	-	-	Yes
Zhang Di	Former Director	Female	55	2017/04/05-2023/06/20	-	-	-	-	Yes
Liu Lixiao	Former Director	Male	49	2020/06/11-2023/06/20	-	-	-	-	Yes
Cai Chengwei	Former Director	Male	54	2016/12/16-2024/04/09	-	-	-	-	Yes
Dai Jiakai	Former Director	Male	51	To be approved by regulatory authorities	-	-	-	-	Yes
Liu Xiangyang	Former Director	Male	45	2020/06/11-2023/06/20	-	-	-	-	Yes
Tang Xiaoqing	Former Independent Director	Male	69	2016/12/15-2022/12/15	8.45	-	-	8.45	No
Chen Yachu	Former Independent Director	Male	68	2017/04/05-2023/06/20	21.11	-	-	21.11	No
Chen Jiyou	Former Shareholder Supervisor	Male	38	2016/12/27-2023/02/07	2.25	-	-	2.25	Yes
Li Wenjing	Former External supervisor	Male	44	2017/06/26-2023/06/20	11.94	-	-	11.94	No
Wu Dahao	Former Employee Supervisor	Male	58	2017/11/17-2023/06/20	65.93	14.25	-	80.18	No
Zhang Wei	Former CSO, Head of Organization Department of CPC Committee and General Manager of HR Department of Head Office	Male	49	2020/12/23-2023/03/22(CSO)	35.49	7.72	-	43.21	No
Zheng Xiaolong	Former Vice President	Male	60	2021/03/04-2023/09/26	104.21	22.95	-	127.16	No

- Notes:
- On 3 January 2023, Mr. Yin Yi retired due to age and resigned from the position of Director, Member of the Risk Management Committee of the Board of Directors and Executive Vice President of the Bank. In accordance with relevant regulations, his resignation as Vice President has been considered and approved at the 25th meeting of the ninth session of the Board of Directors on 22 March 2023, and his other duties are effective as of the date of his resignation.
  - On 20 June 2023, the Bank convened its 2022 annual general meeting, electing members of Directors and Independent Directors of the tenth session of the Board of Directors. The transition of the Board of Directors was smoothly completed, with Mr. Su Hengxuan, Ms. Zhang Di, Mr. Liu Lixiao, Mr. Dai Jiakai, and Mr. Liu Xiangyang retired from the ninth session of the Board of Directors.
  - On 9 April 2024, Mr. Cai Chengwei resigned from his positions as a member of the Tenth Board of Directors and relevant positions on the Board's specialized committees due to job changes.
  - According to Article 36 of the Corporate Governance Guidelines for Banking and Insurance Institutions, an Independent Director may not serve in the same banking or insurance institution for more than six years. Mr. Chen Yachu, the former Independent Director, completed his six-year term on 5 April 2023, and submitted a written resignation report to the Board of Directors. Due to his resignation, the proportion of Independent Directors on the Bank's Board fell below one-third. Therefore, Mr. Chen Yachu will continue to serve until the completion of the ninth session of the Board of Directors.
  - On 15 December 2022, Mr. Tang Xiaoqing resigned from the position of Independent Director and the member of Special Committee of the Board of Directors of the Bank, as he has served as an Independent Director of the Bank for more than six years. According to relevant regulations, he will continue to serve until 13 March 2023, the date on which the qualification of Wang Xi as an Independent Director is approved.
  - On 7 February 2023, Mr. Chen Jiyou resigned from the position of Shareholder Supervisor of the eighth session of the Board of Supervisors of the Bank due to work-related reasons.
  - On 20 June 2023, during the 2022 annual general meeting of the Bank, Shareholder Supervisors and External Supervisors of the ninth session of the Board of Supervisors were elected, successfully completing the election of the Board of Supervisors. Mr. Li Wenjing no longer serves as an External Supervisor of the Bank, and Mr. Wu Dahao no longer serves as an Employee Supervisor of the Bank.
  - On 22 March 2023, Mr. Zhang Wei resigned from the position of CSO of the Bank due to personal reasons.
  - On 22 May 2023, Mr. Fang Qi was relieved of his duties as a member of the Party Committee and Assistant to the President. Mr. Fang Qi's total before-tax compensation for the year 2023 amounted to RMB639,800, among which, RMB522,500 has been disbursed as salary, while the employer's contributions to social insurance and other benefits amounted to RMB117,300.
  - Mr. Zheng Xiaolong retired due to age. The Board of Directors of the Bank approved his resignation as Vice President on 26 September 2023.

## Directors, Supervisors, Senior Executives and Staff

### Main Working Experience and Positions of Directors, Supervisors and Senior Executives



Mr. **Bai Tao**

Mr. Bai holds a PhD in Economics and is a Senior Economist.

Mr. Bai currently serves as Director and Chairman of the Bank, Secretary of the CPC Committee and Chairman of China Life Insurance (Group) Company, and Executive Director and Chairman of China Life Insurance Company Limited.

Mr. Bai served as Assistant to President of Hainan Branch, Vice General Manager of Project Credit Department of the Head office, Vice President of Jilin Branch, Vice president (person in charge) and President of Hunan Branch, General Manager of Asset Risk Management Department of the Head Office, General manager of Risk Management Department of the Head Office, and Director of the Internal Audit Bureau of Industrial and Commercial Bank of China; Member of the CPC Committee and Vice President of China Life Insurance (Group) Company; Member of the CPC Committee, Deputy General Manager of China Investment Corporation; Deputy Secretary of the CPC Committee, Vice Chairman and President of the People's Insurance Co., (Group) of China Ltd.; Secretary of the CPC Committee and Chairman of State Development & Investment Corp., Ltd.



Mr. **Wang Kai**

Mr. Wang holds a PhD in Economics and is a Senior Economist.

Mr. Wang currently serves as the Secretary of the CPC Committee, Director, Vice Chairman and President of the Bank; Member of the CPC Committee and Vice President of China Life Insurance (Group) Company, and Director of China Southern Power Grid Co., Ltd.

Mr. Wang served as General Manager of the Capital Operations Department, Director of Financial Market Center, Secretary of the CPC Committee and President of Shanghai Branch of the Export – Import Bank of China; Member of CPC Committee and Vice President of China Life Insurance (Group) Company and Chairman of China Life Insurance (Overseas) Company Limited.



Mr. **Wang Bing**

Mr. Wang holds a Master's degree in Engineering and is a Senior Engineer.

Mr. Wang currently serves as the Member of the CPC Committee and Director (proposed) of the Bank; Secretary of the CPC Committee and Chairman of CGB Wealth Management Co., Ltd.

Mr. Wang served as an officer, chief officer, deputy director of the Operations Division of the Technology Department at the Head Office of Industrial and Commercial Bank of China (ICBC), as well as deputy director, deputy director (in charge), and director of the Systems Division; member of the CPC Committee and Deputy General Manager of the ICBC Data Center (Beijing); member of the CPC Committee, Chief Information Technology Officer, and Deputy President of China Guangfa Bank.



**Mr. Yu Shengquan**

Mr. Yu holds a Master's degree in Advanced Public Administration and Management, and is a Senior Accountant and a Chinese Certified Public Accountant.

Mr. Yu currently serves as a Director (proposed) of the Bank; Chief Financial Officer and Head of Finance of China Life Insurance (Group) Company.

Mr. Yu served as an officer, deputy chief officer, and chief officer at the System Research Division of the Business and Finance Department of the Ministry of Finance; Deputy General Manager (deputy-section head level) in the Finance Department of Sil-Metropole Organization Ltd.; Senior Manager at the Statistical Information Management Division of the Finance Department and Deputy General Manager at the Finance and Accounting Department of China Life Insurance (Group) Company; member of the CPC Committee and Vice President of China Life Insurance (Overseas) Co., Ltd.; member of the CPC Committee and Deputy General Manager of the Guangdong Branch of China Life Insurance Company Limited; General Manager of the Finance Department at China Life Insurance (Group) Company.



**Ms. Liu Hui**

Ms. Liu holds an MBA Degree and is a Senior Economist.

Ms. Liu currently serves as Director of the Bank and is a member of the CPC Committee, Vice President, and Chief Investment Officer of China Life Insurance Company Limited.

Ms. Liu served as a Senior Manager at the Head Office of China Construction Bank; Assistant to the General Manager of the Enterprise Annuity Department, the Deputy General Manager of the Pension and Institutional Business Department and the General Manager of the Transaction Management Department of China Life Asset Management Company Limited; General Manager of the Investment Management Department at China Life Insurance Company Limited; member of the CPC Committee and Vice President at China Life Investment Management Company Limited; member of the CPC Committee, Executive Director, and Vice President at China Life Investment Management Company Limited.



**Mr. Yang Dongwei**

Mr. Yang holds a PhD in Engineering and is a Senior Accountant, and an expert entitled to the special allowance from the State Council.

Mr. Yang currently serves as Director of the Bank, Deputy Chief Economist of State Grid Corporation of China, Chairman and Secretary of the CPC Committee of State Grid Yingda International Holdings Group Ltd., and Chairman and Secretary of the CPC Committee of State Grid Yingda Co., Ltd., and vice chairman of the China Association for Public Companies.

Mr. Yang worked for Sanmenxia Electric Power Bureau in July 1992, successively assuming positions such as the Chief Accountant, Deputy Director, Member of the CPC Committee and Chief Accountant of Xuchang Electric Power Bureau, Director of Multi-operation Department of State Grid Henan Electric Power, Chairman and General Manager of Henan Electric Power Industry Group Limited, General Manager and Member of the CPC Committee of Sanmenxia Power Supply Corporation, Deputy Chief Economist of State Grid Henan Electric Power; Chief Accountant and Member of the CPC Committee of Luneng Group, Chief Accountant and Member of the CPC Committee of State Grid Shanghai Electric Power, Deputy Leader of Preparation Team of Yingda Commerce Service Co., Ltd.; Executive Director, General Manager and Deputy Secretary of the CPC Committee of State Grid E-commerce Corporation, Chairman and Secretary of the CPC Committee of State Grid E-commerce Corporation (State Grid Xiongan Financial Technology Group).

## Directors, Supervisors, Senior Executives and Staff



**Mr. Xu Yuehong**

Mr. Xu holds a Master's degree in law, and is a Senior Economist.

Mr. Xu currently serves as Director of the Bank, Director of the Investment and Development Department of Jiangxi Communications Investment Group Co., Ltd. Additionally, he serves as an Executive Director of Jiangxi Communications Investment Private Equity Fund Management Company, and Director of Jiangxi Communications Investment Group Finance Co., Ltd.

Mr. Xu served as the Manager of the Investment and Management Division at the Asset Operation Department of Jiangxi Communications Investment Group Co., Ltd., Manager of the Investment and Development Department at Jiangxi Communications Asset Management Co., Ltd., Chairman of Jiangxi Expressway Power Construction New Energy Co., Ltd., General Manager of Jiangxi CTTIC Network Technology Co., Ltd., and Deputy General Manager of Jiangxi Expressway Real Estate Development Co., Ltd.



**Mr. Zhang Linfu**

Mr. Zhang holds an MBA Degree and is a Senior Accountant and Certified Public Accountant.

Mr. Zhang currently serves as Director (proposed) of the Bank and member of the CPC Committee and Chief Accountant of Guangzhou City Construction Investment Group Co., Ltd.

Mr. Zhang served as the Manager of the Budget Analysis Division of the Finance Department, Director of the Supervision and Audit Department, Deputy Secretary of the Discipline Inspection Commission, Director of the Discipline Inspection and Supervision Department, Director of the Comprehensive Office of the Discipline Inspection and Supervision Commission, General Manager of the Legal Contracts Department, Chief Economist of Guangzhou Metro Group, and Chief Accountant of Guangzhou Water Investment Group Co., Ltd.



**Mr. Guo Yunzhao**

Mr. Guo holds a PhD in Management and is a Senior Engineer and an expert entitled to the special allowance from the State Council.

Mr. Guo currently serves as Independent Director of the Bank, President of GT&I Fund Management Co., Ltd. (Hainan) and Director of Woori Bank (China) Co., Ltd., Independent Director of China Insurance Investment Co., Ltd., Director of Inner Mongolia Shendong Tianlong Group Co., Ltd.

Mr. Guo served as the Deputy Chief Engineer and Assistant to General Manager of China National BlueStar (Group) Co., Ltd., President of BlueStar Technology Academy, Senior Executive of several listed companies such as BlueStar Cleaning Co., Ltd., Xingchen Chemical New Materials Co., Ltd. and Southwest Chemical Machinery Co., Ltd., Director of Finance Department and Asset Management Department of China National Chemical Corporation, Chairman of China Jingu International Trust Co., Ltd., Deputy General Manager of China Gaoxin Investment Group Corporation, Director of CITICPE, Chairman of China Investment Trust Co., Ltd., Vice President of China Jianyin Investment Limited, Independent Director of Bank of Luoyang, Director of Hainan Natural Rubber Industry Group Co., Ltd., and Director of Yunkang Health Industry Investment Co., Ltd.





Mr. **Chen Shimin**

Mr. Chen is a Professor and a Certified Management Accountant of the United States.

Mr. Chen currently serves as Independent Director of the Bank, Professor in Accounting and Director of Case Center of China Europe International Business School, Independent Director of Advanced Micro-Fabrication Equipment Inc. China and External Supervisor of Postal Savings Bank of China.

Mr. Chen once assumed a Teacher of Shanghai University of Finance and Economics; Associate Professor and Professor in Accounting of the Clarion University of Pennsylvania; Associate Professor in Accounting of Hong Kong Lingnan University; Associate Professor in Accounting of the University of Louisiana at Lafayette; Associate Professor in Accounting of Hong Kong Lingnan University; Associate Professor in Accounting and Deputy Director of School of Accounting and Finance of Hong Kong Polytechnic University.

Mr. Chen served as Independent Director of Hangzhou Shunwang Science & Technology Co., Ltd., Zhejiang Wolwo Biotech Co., Ltd., Anxin Trust Co., Ltd., and Lian Chu Securities Co., Ltd. and External Supervisor of SPD Bank Co., Ltd.



Mr. **Zhao Xudong**

Mr. Zhao is a Professor and Doctoral Tutor.

Mr. Zhao currently serves as Independent Director of the Bank, Professor, Doctoral Tutor and Director of Commercial Law Research Center of China University of Political Science and Law, President of China Commercial Law Society, Member of Academic Committee of China Law Society, Vice President of Corporate Governance Research Society, China Behaviour Law Association; Independent Director of iFLYTEK Co., Ltd., China National Uranium Co., Ltd., and Beixin Ruifeng Fund Management Co., Ltd.

Mr. Zhao served as the Deputy Director General of the Department of Civil Administrative Inspection of Supreme People's Procuratorate, and Vice President of Civil, Commercial and Economic Law School of China University of Political Science and Law. Since 1999, he was successively honored as the Outstanding Young and Middle-aged Jurist of Beijing City; Nationwide 3rd Outstanding Young and Middle-aged Jurist; Excellent Teacher of Beijing City; New Century Outstanding Talent of the Ministry of Education; he was selected into Famous Chinese Contemporary Jurist in 2005; he was included into "Rule of Law in China – Top 100 Famous Jurists with Outstanding Contributions" in 2016; he was selected as the specially appointed professor of Chang Jiang Scholars Program of the Ministry of Education in 2008; he was honored as the National Ten Thousand Talent Program-Famous Teacher in 2018.



Mr. **Wang Xi**

Mr. Wang is a Professor and Doctoral Tutor.

Mr. Wang currently serves as an Independent Director of the Bank, Director of the China Institute of Transition and Open Economy of Sun Yat-sen University, one of hundred economic research experts of the Monetary Policy Committee of the People's Bank of China, one of hundred economists of the Economic Prosperity Center of the National Bureau of Statistics, Deputy Secretary – General and Executive Director of the China Society of World Economics, Editorial Board Member of World Economy Magazine, an Independent Director of Guangzhou Yuexiu Capital Holding Group Co., Ltd., an Independent director of Pan-China Financial Services Group Co., Ltd., and an External Director of Guangzhou Public Transport Group Co., Ltd.

Mr. Wang served as the Deputy Director of Lingnan College of Sun Yat-sen University, the financial consultant of the Standing Committee of Guangdong Provincial People's Congress, the Deputy Secretary General of the China International Conference in Finance. He was evaluated as an Outstanding Talent in the New Century by the Ministry of Education, a Distinguished Professor of Pearl River Scholar in Guangdong Province, and a leading talent in publicity and ideological work of "Guangdong Special Support Program".



## Directors, Supervisors, Senior Executives and Staff



Mr. **Wang Zhulin**

Mr. Wang holds a PhD in Economics.

Mr. Wang currently serves as an Independent Director (proposed) of the Bank, Chairman of YinHua Fund Management Co., Ltd., and an Independent Director of Chongqing Three Gorges Bank Co., Ltd.

Mr. Wang served as the Manager of the Issuance Department of Gansu Securities Company, Director, Vice General Manager, and Secretary to the Board of Directors of Blue Star Cleaning Co. Ltd., Member of the CPC Committee and Vice President of Southwest Securities Co., Ltd., Member of the CPC Committee and Vice President of China Galaxy Securities Co., Ltd., Deputy Secretary of the CPC Committee, Director, and President of Southwest Securities Co., Ltd. He has also served as a member of the Issuance Review Committee of the China Securities Regulatory Commission for the Seventh and Eighth Sessions, a member of the Listing Company Merger and Restructuring Review Committee of the China Securities Regulatory Commission for the First to Sixth Sessions, and the President of the Chongqing Securities and Futures Industry Association, among other roles.



Mr. **Luo Yubing**

Mr. Luo holds a PhD in Economics and is an Economist.

Mr. Luo currently serves as Deputy Secretary of the CPC Committee of the Bank, Employee Supervisor and Chairman of the Board of Supervisors.

Mr. Luo joined the People's Bank of China in August 1991, and consecutively served as Vice Director of General Office, Deputy Secretary of the CPC Committee and Vice President of Wuhan Branch, Secretary of the CPC Committee and President of Lanzhou Central Sub-branch of the People's Bank of China and Director of Gansu Branch of State Administration of Foreign Exchange concurrently, Secretary of the CPC Committee and Director of Anti - money Laundering Monitoring Center, Secretary of the CPC Committee and Director of Credit Reference Center of the People's Bank of China, Deputy Secretary of the CPC Committee and Vice President of CGB.



Ms. **Lu Zeyuan**

Ms. Lu holds an MBA Degree and is an Economist.

Ms. Lu currently serves as a Shareholder Supervisor of the Bank, Director and Deputy General Manager of Shantou Haisheng Investment Development Co., Ltd., and Chairman of the Board of Supervisors of Shantou Institute of Ultrasonic Instruments Co., Ltd.

Ms. Lu served as a Customer Manager in the Foreign Exchange Business Department and Corporate Business Department at the Shantou Branch of Bank of Communications, a Customer Manager at the Shantou Branch of China Everbright Bank, Deputy Manager, and Manager of the Investment Management Department at Shantou Zhugang New Town Investment Development Co., Ltd., and Assistant to General Manager at Shantou Haisheng Investment Development Co., Ltd.



Mr. **Li Weiyi**

Mr. Li holds a PhD in Civil and Commercial Law.

Mr. Li currently serves as an External Supervisor of the Bank and General Manager of the Legal Affairs Department of North China Region of R&F Group, and Arbitrator of China International Economic and Trade Arbitration Commission.

Mr. Li served as the Clerk and Judge of Beijing No.1 Intermediate People's Court, Judge of Beijing High People's Court, Senior Prosecutor, Leader Secretary and Deputy Division Head of the General Office of the Supreme People's Procuratorate.



Mr. **Tan Youchao**

Mr. Tan holds a PhD in management and is a Professor of Accounting and Doctoral Tutor, and one of the National Outstanding Young Talents.

Mr. Tan currently serves as an External Supervisor of the Bank, Executive Director of the MPAcc Center and Deputy Head of the Accounting Department at School of Management of Jinan University. He is a director of the Guangdong Institute of Certified Public Accountants, a communication review expert for the National Natural Science Fund Committee, and concurrently serves as an Independent Director of Guangdong Xinbao Electrical Appliances Holdings Co., Ltd., Keshun Waterproof Technology Co., Ltd., and Meizhi Optoelectronics Technology Co., Ltd.

Mr. Tan has previously served as a lecturer and associate professor at Dongbei University of Finance and Economics and Southwest University of Finance and Economics.



Ms. **Pan Hua**

Ms. Pan holds a Master's Degree in Management and is an Economist.

Ms. Pan serves as an Employee Supervisor, Member, Standing Committee Member, Vice Chairman of the Trade Union Committee of China Guangfa Bank Co., Ltd., and Vice Director of the Party and People Work Department (Party Committee)/Rural Revitalization Office/Trade Union Work Department of the Head Office (temporary person in charge).

Ms. Pan served as Deputy Manager (person in charge), supervisor (in charge of the division), senior manager of the System Executive Department of the Human Resources Department of the Head Office of China Guangfa Bank, the general manager of the Training center of the Human Resources Department of the Head Office, the deputy director of the Organization Department of the Party Committee of the Head Office, the deputy general manager of the Human Resources Department and the general manager of the Training Center, and the Deputy Director of the Office of the School Administration Committee of the Party School of China Guangfa Bank (the Research and Training Institute of Guangfa Bank).

## Directors, Supervisors, Senior Executives and Staff



Ms. **Guan Tiejun**

Ms. Guan holds a PhD in Economics and is a Senior Economist.

Ms. Guan currently serves as an Employee Supervisor of the Bank, Standing Committee Member of the Trade Union Committee of China Guangfa Bank Co., Ltd., Director of the Women Employee Union of the Head Office, and General Manager of the Strategy and Planning Department of the Head Office.

Ms. Guan served as Deputy Director (Head of the Department) and Manager of the Innovation Division at the Planning and Management Department, a key member of the Reform, Restructuring and Development Office, head of the preparatory team and Deputy General Manager of the E-Banking Department, Deputy General Manager, Deputy General Manager (person in charge) and General Manager of the E-Banking Department of the Head Office of China Guangfa Bank.



Mr. **Chen Xiangrong**

Mr. Chen holds an MBA Degree and is a Senior Economist.

Mr. Chen currently serves as Member of the CPC Committee and Secretary of Discipline Inspection Committee of the Bank.

Mr. Chen served successively as Manager of Guangdong Xinhui County Sub-branch of China Life Insurance Company Limited; Secretary of Discipline Inspection Committee, Deputy General Manager (in charge) and General Manager of Guangdong Jiangmen branch of China Life Insurance Company Limited; Member of the CPC Committee of Guangdong Branch and General Manager of Guangzhou Branch of China Life Insurance Company Limited; Member of the CPC Committee and Deputy General Manager of Guangdong Branch of China Life Insurance Company Limited; Secretary of the CPC Committee and General Manager of Hunan Branch of China Life Insurance Company Limited; Secretary of the CPC Committee and General Manager of Guangdong Branch of China Life Insurance Company Limited; Business Director of China Life Insurance Company Limited, Secretary of the CPC Committee and General Manager of Guangdong Branch of China Life Insurance Company Limited.



Mr. **Li Guangxin**

Mr. Li holds a PhD in Economics and is a Senior Economist.

Mr. Li currently serves as Member of the CPC Committee and Secretary to the Board of Directors of the Bank.

Mr. Li served in Bank of Communications successively as: Deputy Director (person in charge) of Planning Division of Lianyungang Branch, President of Haizhou Central Sub-branch, Deputy Director (person in charge) of Planning and Finance Division of Jiangsu Branch, Deputy General Manager of International Business Department, Member of the CPC Committee and Vice President of Guangxi Zhuang Autonomous Region Branch, Secretary of the CPC Committee and President of Xiamen Branch, General Manager of Ho Chi Minh City Branch. He served in Huaxia Bank successively as: Secretary of the CPC Committee and President of Shanghai Branch, General Manager of Strategic Development Department of Head Office. He serves as Member of the CPC Committee, the Secretary of the Board of Directors and the General Manager of the Office of the Board of Directors of China Guangfa Bank.



**Mr. Lin Deming**

Mr. Lin holds a Master's Degree in Finance.

Mr. Lin currently serves as Member of CPC Committee and the Vice President of the Bank.

Mr. Lin served in China Guangfa Bank successively as: Deputy Director and Director of Guangzhou Economic & Technological Development District Office, Deputy General Manager of Domestic Business Department of the Head Office, Secretary of the CPC Committee and President of Shaoguan Branch, General Manager of Business Department of the Head Office, General Manager of Credit Card Center, Secretary of the CPC Committee and General Manager of Credit Card Center, Assistant to President, Secretary of the CPC Committee and General Manager of Credit Card Center of the Head Office.



**Mr. Li Xiaoshui**

Mr. Li holds a Master's Degree in Finance and is an Economist.

Mr. Li currently serves as Member of the CPC Committee and the Vice President of the Bank.

Mr. Li successively served as a Teacher of Guangzhou University of Finance, Deputy Manager of China Guangfa Bank Guangzhou Branch Tianhe Sub-branch, Deputy Manager of General Office of Guangzhou Branch, employee of the Human Resource Department of Head Office, Deputy Manager of Head Office General Office Department, Manager of the Credit Review Department of Head Office, Member of the Party Committee and Vice President of Changsha Branch, Secretary of the CPC Committee and President of Foshan Branch, President of Zhongshan Branch, Director of the CPC Committee Office of Head Office, Head of the Publicity Department of the CPC Committee, General Manager of the Office and President Assistant.



**Mr. Li Bing**

Mr. Li holds a PhD in law.

Mr. Li currently serves as Member of the CPC Committee and the Vice President (proposed) of the Bank.

Mr. Li served as a Deputy Chief Officer in the Legal Department of the People's Insurance Company of China, Chief Officer in the Legal Department of the PICC Holding Company, General Manager of Legal Compliance Department of China Life Pension Company, General Manager of Risk Management Department/Internal Control Compliance Department and Compliance Officer at China Life Insurance (Group) Company.

## Directors, Supervisors, Senior Executives and Staff



Mr. **Li Huaigen**

Mr. Li holds a Master's degree in Engineering, and is a Senior Engineer.

Mr. Li currently serves as the Chief Information Officer of the Bank.

Mr. Li served as an Assistant Engineer at Guizhou Organic Chemical Plant, Deputy Chief and Chief at the Guangdong Branch of Industrial and Commercial Bank of China (ICBC), Temporary Head and Deputy General Manager (person in charge) of the Technology Department, Deputy General Manager (person in charge) of the Systems Department, General Manager of the Systems Department, General Manager of the Technology Department, General Manager of the Guangzhou Development Department No. 1 of the Software Development Center and an expert in the information technology sequence at the Software Development Center of ICBC; Deputy General Manager (person in charge), Secretary of the CPC Committee, and General Manager at the Research and Development Center of China Guangfa Bank, and General Manager of the Risk Management Department at the Head Office.



Ms. **Jin Qian**

Ms. Jin holds a Bachelor's degree in Economics, and is an Economist.

Ms. Jin currently serves as the Chief Credit Officer of the Bank.

Ms. Jin served as Manager and Deputy General Manager of the Corporate Banking Department, Deputy General Manager and General Manager of the Strategic Customers Department, General Manager of Institutional Customers Department, General Manager of the Credit Management Department at the Head Office, and General Manager of the Credit Approval Department at the Head Office of China Guangfa Bank.



## Shareholdings of Directors, Supervisors and Senior Executives

At the end of the reporting period, the Directors, Supervisors and Senior Executives of the Bank didn't hold any shares in the Bank.

## Annual Remuneration and Incentives of Directors, Supervisors and Senior Executives

Executive directors and employee supervisors who hold senior management positions in the Bank receive remuneration according to their positions in the Bank, and do not receive additional allowances, conference fees and subsidies.

The non-executive equity directors of the Bank do not receive remuneration from the Bank.

The remuneration of Independent Directors and Non-employee Supervisors of the Bank is verified and paid respectively in accordance with the Allowance System for Independent Directors of China Guangfa Bank Co., Ltd. and the Allowance System for Non-employee Supervisors of China Guangfa Bank Co., Ltd. The specific standards are as follows:

The allowance of the Bank's Independent Directors and Non-employee Supervisors comprises four parts, i.e. basic allowance, specialized committee allowance, conference fee and research subsidy: (1) basic allowance refers to the basic remuneration paid to Independent Directors and Non-employee Supervisors for their participation in the Board of Directors and the Board of Supervisors. The basic allowance for director is RMB200,000/person/year and that for supervisor is RMB160,000/person/year; (2) specialized committee allowance refers to the duty allowance paid to Independent Directors and Non-employee Supervisors for their participation in specialized committees. The committee allowance for ordinary member of the Board of Directors is RMB35,000/person/year and that for principal member is RMB50,000/person/year; the committee allowance for ordinary member of the Board of Supervisors is RMB28,000/person/year and that for principal member is RMB40,000/person/year. Committee allowances payable to Independent Directors and Non-employee Supervisors who participate in various committees are paid based on the cumulative number of committees that they are working in; (3) conference fee is a subsidy for any Independent Directors or Non-employee Supervisor to participate in or attend any general meetings, and on-site meetings of the Board of Directors, the Board of Supervisors, and their specialized committees (including teleconferences and video conferences) and the standard rate is RMB5,000/person/time; (4) research subsidy is a subsidy for Independent Directors and Non-employee Supervisors to participate in work inspections, research, training sessions and activities related to the performance of duties as organized by the Bank and relevant organizations, and the standard rate is RMB5,000/person/time.

The remuneration received by members of the Bank's Nomination & Remuneration Committee under the Board of Directors during the reporting period is set out in "Directors, Supervisors and Senior Executives". Mr. Guo Yunzhao was the principal member of the Nomination & Remuneration Committee under ninth and tenth session of the Board of Directors, other members of the Nomination & Remuneration Committee under ninth session of the Board of Directors are Ms. Zhang Di, Mr. Yang Dongwei, Mr. Dai Jiakai (proposed), Mr. Chen Shimin and Mr. Zhao Xudong, and other members of the Nomination & Remuneration Committee under tenth session of the Board of Directors are Mr. Yu Shengquan (proposed) and Mr. Zhao Xudong.

The Bank has taken out liability insurance for Directors, Supervisors and Senior Executives.

No incentive options have been granted to Directors, Supervisors and Senior Executives by the Bank.

## Changes in Directors, Supervisors and Senior Executives

### Directors

On 3 January 2023, Mr. Yin Yi retired due to age and resigned from the position of Director, Member of the Risk Management Committee of the Board of Directors.

On 13 March 2023, the former CBIRC approved the qualification of Mr. Wang Xi as Independent Director of the Bank.

On 5 April 2023, Mr. Chen Yachu resigned from the position of Independent Director, Member of Connected Transaction Control/Inclusive Finance Development Committee, Member of Risk Management Committee, and Member of Audit Committee under Board of the Bank due to servicing for six years. Due to his resignation, the proportion of independent directors on the Bank's Board fell below one-third. Therefore, Mr. Chen Yachu will continue to serve until the election of the ninth session of the Board of Directors is completed.

On 25 May 2023, the 27th meeting of the ninth session of the Board of Directors of the Bank deliberated and approved the proposal to nominate candidates for the Equity Directors and Independent Directors of the tenth session of the Board of Directors.

On 20 June 2023, at the Bank's Annual General Meeting for the year 2022, Mr. Bai Tao, Mr. Wang Kai, Mr. Wang Bing, Mr. Yu Shengquan, Ms. Liu Hui, Mr. Cai Chengwei, Mr. Yang Dongwei, Mr. Xu Yuehong, and Mr. Zhang Linfu were elected as Directors of the tenth session of the Board of Directors. Mr. Guo Yunzhao, Mr. Chen Shimin, Mr. Zhao Xudong, Mr. Wang Xi, and Mr. Wang Zhulin were elected as Independent Directors of the tenth session of the Board of Directors. As of the disclosure date, the directorship qualifications of Mr. Wang Bing, Mr. Yu Shengquan, and Mr. Zhang Linfu are subject to regulatory approval, and the independent directorship qualification of Mr. Wang Zhulin is subject to regulatory approval.

On 25 January 2024, the National Financial Regulatory Administration approved the qualifications of Ms. Liu Hui and Mr. Xu Yuehong as Directors of the Bank.

## Directors, Supervisors, Senior Executives and Staff

On 9 April 2024, Mr. Cai Chengwei resigned as a director of the Bank and a member of the Risk Management Committee of the Board of Directors due to job change.

### Supervisors

On 7 February 2023, Mr. Chen Jiyou resigned from the position of Shareholder Supervisor of the eighth session of the Board of Supervisors of the Bank due to work-related reasons.

On 5 June 2023, at the third plenary session of the fourth Employee Representative Congress of the Bank, Mr. Luo Yubing, Ms. Pan Hua, and Ms. Guan Tiejun were elected as Employee Supervisors of the ninth session of the Board of Supervisors. Their term of office is consistent with that of the Shareholder Supervisors and External Supervisors of the ninth session of the Board of Supervisors of our Bank, effective from 20 June 2023. Mr. Wu Dahao no longer served as an Employee Supervisor.

On 20 June 2023, at the Annual General Meeting of Shareholders for the year 2022, Ms. Lu Zeyuan was elected as a Shareholder Supervisor of the ninth session of the Board of Supervisors. Mr. Li Weiyi and Mr. Tan Youchao were elected as External Supervisors of the ninth session of the Board of Supervisors. Mr. Li Wenjing no longer served as an Employee Supervisor.

### Senior Executives

On 22 March 2023, the 25th meeting of the ninth session of the Board of Directors of the Bank considered and approved the resignation of Mr. Yin Yi as Vice President of the Bank, the appointment of Mr. Li Xiaoshui as Vice President of the Bank and Risk Officer, and the resignation of Mr. Zhang Wei as CSO of the Bank.

On 20 June 2023, the first meeting of the tenth session of the Board of Directors of the Bank considered and approved the appointments of Mr. Wang Kai as President of the Bank, Mr. Li Guangxin as Secretary of the Board of Directors, Mr. Zheng Xiaolong and Mr. Lin Deming as Vice Presidents of the Bank, and Mr. Li Xiaoshui as Vice President and Risk Officer of the Bank.

On 26 September 2023, the third meeting of the tenth session of the Board of Directors of the Bank considered and approved the resignation of Mr. Zheng Xiaolong as Vice President of the Bank, the appointment of Mr. Li Bing as Vice President of the Bank, and the appointment of Mr. Li Huaigen as Chief Information Officer of the Bank.

On 29 November 2023, the fourth meeting of the tenth session of the Board of Directors of the Bank considered and approved the appointment of Ms. Jin Qian as Chief Credit Officer of the Bank.

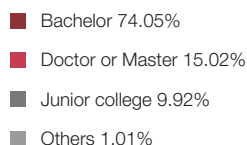
On 25 March 2024, the National Financial Regulatory Administration approved the qualifications of Mr. Li Huaigen as the Chief Information Officer of the Bank and Ms. Jin Qian as the Chief Credit Officer of the Bank.

On 29 March 2024, the National Financial Regulatory Administration approved the qualification of Mr. Li Xiaoshui as Vice President of the Bank.

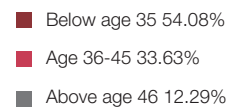
### Employees

At the end of 2023, the number of contract employees of the Bank (including Credit Card Center) was 36,957, representing a decrease of 759 employees over the beginning of the year. Employees with doctoral or master degrees accounted for 15.02%, those with bachelor's degrees 74.05%, junior college degrees 9.92% and employees with other educational qualifications 1.01%. Employees aged 35 or below accounted for 54.08%, those aged between 36 and 45 accounted for 33.63% and those aged 46 or above accounted for 12.29%.

#### Employee Composition by Education Background



#### Employee Composition by Age



# Corporate Governance

## Description and Overall Evaluation of Corporate Governance

### Description of Corporate Governance

During the reporting period, the Bank thoroughly implemented the spirit of the 20th National Congress of CPC, the Central Financial Work Conference, and the Central Economic Work Conference. The Bank strictly complied with laws, regulations, and financial regulatory policies, fully implemented the requirements of the Corporate Governance standards for Banking or Insurance Institutions, and enforced the special plan of corporate governance for the 14th Five-Year Plan. We aimed to establish a sound corporate governance system, improve the level and achieve the main goals of corporate governance. We improved the reasonable and complete corporate governance structure as well as the conforming and efficient corporate governance operation mechanism, enhanced the long-term mechanism of capital replenishment, better modernize the corporate governance system and governance capabilities for the Bank, and strived to become a rapidly-growing modern state-owned financial enterprise with Chinese characteristics.

### *Deepen the organic integration of the Party's leadership and corporate governance*

During the reporting period, the Bank insisted on implementing the principle of "insisting on CPC leadership in SOEs and insisting on reforming SOEs towards the modern enterprise system", earnestly implemented the opinions on strengthening the Party's Leadership in improving corporate governance for centrally-owned enterprises, actively followed the central requirements for accelerating the construction of a modern enterprise system with Chinese characters as well as the organic integration of the Party's leadership and corporate governance, integrated Party's leadership into every aspect of corporate governance, and optimized the governance mechanism with statutory powers and responsibilities, transparent accountability, coordination, and effective checks and balances. In the practice of system construction and governance, the Bank protected the legitimate status of the Party in corporate governance. The Party Committee established and implemented the list of "decisions on important issues, appointment and dismissal of important officers, arrangements on important projects, use of funds in large amount" issues. We adhered to implementing the decision-making mechanisms with the organic integration of the Party's leadership and corporate governance. As for major issues, the Party

Committee would apply preliminary study and provide directive opinions before submitting them to the Board of Directors and the Board of Supervisors for review, to ensure the steering role of the Party Committee in navigation, coordination, and implementation. The implementation of resolutions and resolved issues from corporate governance meetings was regularly reported to the Party Committee, to ensure effective conveyance and implementation of corporate governance decisions, strengthen the collaborative ability of various governance entities, and continuously improve the integration of the Party's leadership and corporate governance. Regular assessments were carried out to evaluate the integrated level of the Party's leadership and corporate governance. These reviews assessed and optimized various aspects including boundary of responsibilities, leadership structure, cadre management, the Party committee pre-research, information communication, and work synergy, so as to further promote quality and efficiency.

### *Ensure compliant and stable completion of succession of the Board of Directors and Board of Supervisors, and optimize the corporate governance structure*

During the reporting period, the Bank conducted a sound assessment to determine the size of the Board of Directors and the Board of Supervisors. We adhered to the principles of legality, compliance, and overall planning, actively communicated and coordinated with major shareholders, Directors, Supervisors, and other stakeholders to complete a plan for the election of the Board of Directors and the Board of Supervisors. We carried out the nomination, qualification review, and approval process for Director and Supervisor candidates in an orderly manner. We fulfilled the Party committee's pre-research and corporate governance review procedures, and coordinated the election of new Employee Supervisors through the labor union. The elections for the Board of Directors and the Board of Supervisors were completed on schedule. We elected the Chairman and Vice Chairman of the 10th session of the Board of Directors and the Chairman of the 9th session of the Board of Supervisors. We optimized the setting and staffing allocation of the special committees of the new Board of Directors and the new Board of Supervisors, building a diverse and complementary structure in terms of knowledge background, professional competence, and work experience. We appointed the new senior management team, optimized the allocation of Vice Presidents, secretaries of the Board of Directors, Risk Officers, Chief Information Officers, Chief Credit Officers and other senior executives, ensuring a smooth transition and seamless connection in corporate governance structure of the Bank.

## Corporate Governance

### ***Improve the corporate governance system and promote the standardized and efficient operation of corporate governance***

During the reporting period, the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the senior management of the Bank performed their duties in an orderly manner. In 2023, the Bank convened 1 general meetings of shareholders to review and report 14 issues; 9 meetings of the Board of Directors to review 114 issues, which covered corporate governance, strategic planning, director nominations and senior executive appointments, performance-based compensation, profit distribution, financial budget, risk management, internal audit, consumer rights protection, etc., fully exerting the function of the Board of Directors in reasonable decision-making; 9 meetings of the Board of Supervisors to review 90 issues, which thoroughly covered statutory supervising areas such as operational and financial decision-making, risk management, internal control and compliance, internal audit, performance-based compensation, strategic management, and performance of supervision, as well as key areas including consumer rights protection, green finance, expected credit loss method, asset impairment management, and consolidation management. The Board of Supervisors further expanded the supervision, and continuously deepened the supervision scope of the Board. During the reporting period, we revised and issued the Board Proposal Management Measures and the ordinary resolution list of the Board, to optimize the routine management mechanism for Board issues, and further improve the compliance and timeliness of proposal submissions. All special committees actively fulfilled their responsibilities of pre-review. To allow special committees to play a better role in assisting the decision-making and supervision by the Board of Directors and the Board of Supervisors, in 2023, the Bank convened 29 special committee meetings of the Board of Directors to review 99 issues; 8 special committee meetings of the Board of Supervisors to review 17 issues. Special committees organized full discussions and raised many constructive suggestions to the Board of Directors and the Board of Supervisors. The Bank adhered to the mechanism for the transmission of resolutions reached at corporate governance meetings, promptly sending notices of executing reached resolutions from the "three meetings" to senior management and

relevant departments; regularly tracked the execution of corporate governance decisions and report it to the Board of Directors and the Board of Supervisors, and strengthened the closed-loop management of corporate governance; improved the compliance performance assessment mechanism of corporate governance, and consolidated corporate governance responsibilities in seven aspects including proposal submission, implementation of resolutions and opinions, construction of compliance performance, corporate governance assessment, notification of regulatory opinions, information disclosure, and performance evaluation.

### ***Strengthen equity management and information disclosure management, and improve investor relationship maintenance***

During the reporting period, the Board of Directors effectively fulfilled its management responsibilities for shareholder affairs, promoting the deepening of equity management, information disclosure, and investor relations maintenance; continuously optimized equity management, formulated measures for the governance of equity and connected transactions data, urged to enhance data effectiveness, and solidified the cornerstone of corporate governance; reviewed and approved the major shareholder assessment report for 2022, conducted an annual assessment of shareholders' qualifications, financial status over the past three years, shareholding status, exercise of shareholder rights, fulfillment of obligations and commitments, and connected transactions, and reported to the shareholders' meeting as required; reviewed the report on the status of equity pledges for 2022 to keep awareness of the information on equity pledges of the Bank; continued to enhance the quality of information disclosure, reviewing and approving the 2022 annual report, social responsibility report, and disclosing 30 announcements in compliance with laws and regulations throughout the year, conveying a positive image of actively serving the real economy and society, and executing philanthropic initiatives to shareholders, stakeholders, and the public; continued to deepen investor relationship management and strengthen investor relationship maintenance by holding the 2023 investor conference, and actively visiting and communicating with shareholders and investors to enhance investors' understanding and recognition of the Bank.

***Comprehensively strengthen the performance capability to enhance the standardized and professional operations of corporate governance***

During the reporting period, the Directors and Supervisors of the Bank enhanced capability to perform their duties to guarantee compliance and professions. They actively participated in internal and external training online or offline, to strengthen their indepth learning of specialized topics such as the Directors/Supervisors Duties Manual, connected transaction management, anti-money laundering and combating terrorist financing, green finance, and consumer rights protection. The Bank organized joint investigations by the Board of Directors and the Board of Supervisors, with shareholder representatives invited to conducted a in-depth research on the implementation of decisions and deployments of the Party Central Committee, the execution of the 14th Five-Year Plan strategy, the implementation of annual operational management objectives, risk and internal control compliance management, technology empowerment and digital transformation, consumer rights protection, and the enhancement of customer service at both the head office and Dongguan Branch. These efforts aimed to enhance the in-depth understanding of the Bank's operations and management by the directors, supervisors, and shareholders, promote effective communication between the governance personnel, senior management, and general employees, collect opinions from all parties in a timely manner to produce research reports, promote the decomposition and implementation of research results, and boost the effective transformation of research values. The Board of Directors of the Bank convened a development seminar, organizing the directors, supervisors, and shareholder representatives to discuss on topics such as business transformation, risk prevention and control, and technology empowerment, and actively suggest for promoting the high-quality development of the Bank. The Bank provided and continuously strengthened efficient, professional, and comprehensive support for directors and supervisors to perform their duties. During the adjournment of corporate governance meetings, we timely submitted over 90 reports such as operational management briefings, industry research reports, anti-money laundering quarterly

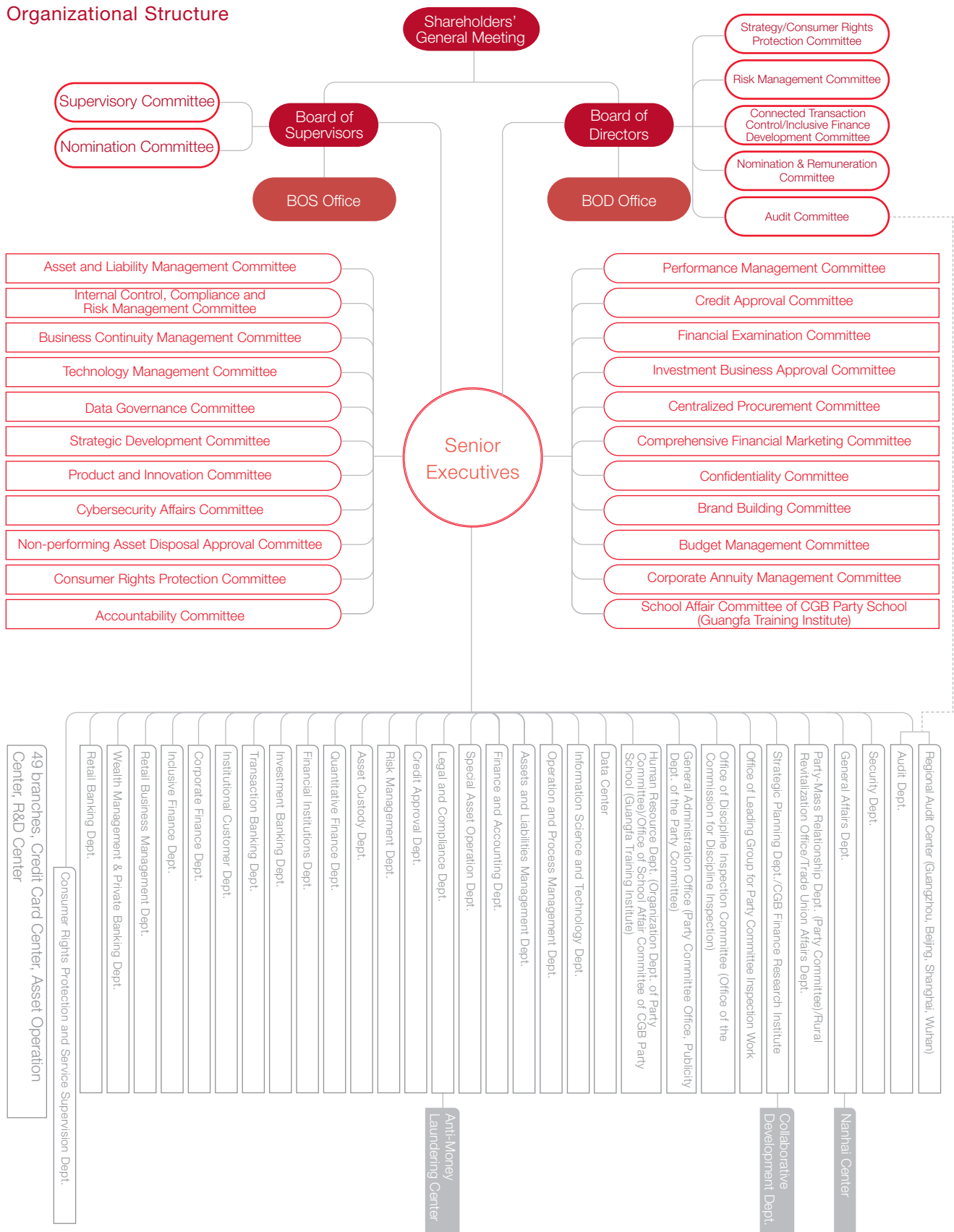
reports, connected transactions, equity pledge status, internal and external audits, consumer rights protection regulatory bulletins, etc., to directors and supervisors to ensure they were timely informed of the dynamics of business management and obtain the information needed for their performance of duties. The Bank organized training for corporate governance practice to promote the capability of departments of head office in corporate governance compliance. The training mainly covered the transmission of advocacy for Board proposals, corporate governance assessments and rectifications, authorization to senior management from the Board, etc..

**Overall Assessment**

During the reporting period, under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank adhered to the general principle of pursuing progress while ensuring stability, promoted the continuous integration of the Party's leadership and corporate governance, deeply implemented the decisions and deployments of the Party Central Committee and resolutely followed the path of financial development with Chinese characteristics. The Bank soundly optimized the corporate governance structure, completed the succession of the Board of Directors and the Board of Supervisors, and ensured the compliance and efficiency of corporate governance operations. The Board of Directors effectively played its role in strategic leadership and reasonable decision-making, the Board of Supervisors continuously improved supervision effectiveness, senior management strengthened strategic execution, and the Bank continued to operate steadily. The Bank enhanced risk prevention and control in key areas, formulated medium- and long-term capital plans, strengthened equity management and shareholder governance, actively maintained good investor relationship, and continuously enhanced the capability of performance of all governance entities, to continuously promote the standardization, professionalism, and effectiveness of corporate governance in the Bank, and improve the modernization level of the corporate governance mechanism and governance capabilities.



### Organizational Structure



Note: The Consumer Rights Protection and Service Supervision Department is an independent second-tier department of the Head Office.

## Information of Shareholders' General Meeting

### Responsibilities of Shareholders' General Meeting

The shareholders' general meeting of the Bank consists of all shareholders. The general meeting is the authority of the Bank and shall exercise the following powers and functions in accordance with the law:

- To decide on the Bank's business policy and investment plan;
  - To elect and replace directors, and decide on the remuneration of directors;
  - To elect and replace external supervisors and supervisors nominated by shareholders' representatives, and decide on the remuneration of supervisors;
  - To approve the report of the Board of Directors;
  - To approve the report of the Board of Supervisors;
  - To approve the annual financial budget and final accounts of the Bank;
  - To approve the profit distribution plan and loss recovery plan of the Bank;
  - To approve or authorize the board of directors to approve the establishment of legal person institutions, major equity investment, major asset purchase, major asset disposal, major asset write-off, major asset mortgage, other non-commercial bank business guarantees, major external donations and other matters of the Bank;
  - To approve the guarantee items stipulated in Article 56 of the Articles of Association of the Bank;
  - To make resolutions on the increase or decrease of registered capital of the Bank;
  - To make resolutions on the issuance of bonds by the Bank;
  - To make resolutions on any change in the capital structure of the Bank, issue or agree to issue new shares, or create or agree to create any options, warrants or offer rights to subscribe for or acquire shares of the Bank or other share capital of the Bank, which can be converted or exchanged for shares of the Bank or other share capital of the Bank;
  - To make resolutions on the merger, acquisition, division, dissolution, liquidation, termination and change of corporate form of the Bank;
  - To amend the Articles of Association of the Bank;
  - To listen to the notification of the Board of Directors on the supervision opinions of the National Financial Regulatory Administration on the Bank, and consider the report of the Board of Directors on the implementation of the rectification of the Bank;
- To review the report of the Board of Directors on the evaluation of directors and the mutual evaluation results of independent directors;
  - To review the report of the Board of Supervisors on the evaluation of supervisors and the mutual evaluation results of external supervisors;
  - To review other matters that should be decided by the shareholders' general meeting according to laws, regulations and the Articles of Association.

Matters within the terms of reference of the general meeting shall be considered and decided by the general meeting, but the general meeting may authorise the Board of Directors to decide on those matters where necessary, reasonable and lawful. The content of the authorization shall be clear and specific.

In 2023, the Bank convened 1 general meeting and Guangzhou Office of East & Concord Partners witnessed the validity and legality of procedures of convening and holding the meeting, the qualifications of the attendees, the qualifications of the conveners, the voting procedures and the voting results on site, and issued legal opinions respectively.

### Information of the Annual Shareholders' General Meeting

On 20 June 2023, the Bank's 2022 Annual Shareholders' General Meeting was held in Guangzhou.

The meeting was attended by 34 shareholders and proxies representing 20,022 million shares with voting rights, accounting for 91.88% of the Bank's total share capital. No shareholders with restricted voting rights participated in the meeting.

The meeting deliberated each proposal and approved the following by separate polling: Proposal on the 2022 Work Report of the Board of Directors of China Guangfa Bank, Proposal on the 2022 Work Report of the Board of Supervisors of China Guangfa Bank, Proposal on the 2022 Final Account Report of China Guangfa Bank, Proposal on the 2022 Profit Distribution Plan of China Guangfa Bank, Proposal on the 2023 Financial Budget of China Guangfa Bank, Proposal on the Election of Directors and Independent Directors of the Tenth Session of the Board of Directors of China Guangfa Bank, Proposal on the Election of Shareholder Supervisors and External Supervisors of the Ninth Session of the Board of Supervisors of China Guangfa Bank, Proposal on the Capital Planning of China Guangfa Bank for the Years 2023-2027, and Proposal on the Issuance of RMB50 Billion Ordinary Financial Bonds in 2023 and Issuance of RMB76 Billion Capital Bonds in 2023-2024 by China Guangfa Bank, and relevant resolutions were duly passed.

## Corporate Governance

At the meeting, the 2022 Performance Report of the Independent Directors of China Guangfa Bank, the Report on the Board of Directors' Implementation of the Authorization of 2022 Annual Shareholders' General Meeting, the Report on 2022 Connected Transaction of China Guangfa Bank and 2022 Annual Evaluation Report of Major Shareholders of China Guangfa Bank were also reviewed. The comprehensive evaluation results of the performance of directors, supervisors and senior executives were reported by the Board of Supervisors at the meeting in 2022.

### Information of the Extraordinary Shareholders' General Meetings

During the reporting period, the Bank did not convene any extraordinary shareholders' general meeting.

### Information of the Board of Directors

#### Composition of the Board of Directors

As of the disclosure date, the Bank's Board of Directors has 13 Directors in total, including five independent directors which account for no less than one third of members of the Board of Directors. The Board members include not only heads and senior executives from renowned large financial institutions with extensive experience in the financial industry but also professionals in finance, audit and investment as well as senior experts and scholars in economic and law fields. Such diversified and internationalized members can bring broad visions, independent views and proven expertise, allowing the Board of Directors to ensure more scientific and effective decision-making.

#### Responsibilities of the Board of Directors

The Bank has the Board of Directors, which is responsible to the shareholders' general meeting. The responsibilities of the Board in accordance with the law include the following:

- To determine resolutions such as the establishment of legal-person institutions by the Bank, significant equity investment, significant asset purchase, significant asset disposal, significant asset write-off, and significant asset mortgage, and other guarantee businesses of non-commercial bank business, significant external donation, etc., within the scope authorized by the Shareholders' General Meeting;
  - To deliberate and approve the Bank's proposed material connected transactions with the connected parties;
  - To formulate the Bank's annual financial budget plans and final statements;
  - To formulate the Bank's profit distribution and loss recovery plans;
  - To formulate plans for increasing or decreasing the Bank's registered capital, issuing bonds or other securities and the IPO plans;
  - To formulate plans for the Bank to repurchase the Bank's shares or merger, division and dissolution;
  - To formulate the Bank's basic management system;
  - To formulate the plans for any amendment to the Articles of Association of the Bank;
  - To formulate rules of procedure for meetings of the Board of Directors;
  - To nominate member candidates for next session of the Board of Directors;
  - To nominate Independent Director candidates, subject to their consent;
  - To appoint and dismiss the Bank's President;
  - To appoint and dismiss the Secretary to the Board of Directors of the Bank according to Chairman's nomination; appoint and dismiss other Senior Executives other than the Bank's President according to the President's nomination; and decide on their remunerations, incentives and penalty matters;
  - To receive the work report of the Bank's President and examining the performance of the President;
  - To supervise duty performance of Senior Executives and ensuring that Senior Executives have effectively performed their management duties;
  - To appoint and dismiss the accounting firm that audits the Bank;
  - Responsible for the Bank's information disclosure and bearing the ultimate responsibility for the authenticity and accuracy, integrity and timeliness of the Bank's accounting and financial reports;
  - To evaluate and improve the Bank's corporate governance regularly;
  - To formulate overall strategy and basic system of the Bank's management on consolidated financial statements; supervise and ensure Senior Executives to effectively perform the duties for management on consolidated financial statements;
- Responsible for convening shareholders' general meetings and reporting its work to shareholders' general meetings;
  - To execute resolutions of shareholders' general meetings;
  - To determine the setup of internal management organizations of the Bank;
  - To determine the Bank's risk management and internal control policies;
  - To determine the Bank's annual business plans and investment proposals;
  - To determine the bonus of Senior Executives of the Bank and the withdrawal percentage from gross profit;

- To determine the Bank's green credit development strategy and the strategy, policies and objectives for consumer rights protection; review and approve the green credit objectives set by Senior Executives and their report on green credit; and receive regularly special reports of Senior Executives on the progress of protecting consumer rights;
- Responsible for the Bank's internal audit and bearing the ultimate responsibility for the independence and validity of internal audit;
- To establish the bank's risk culture, formulating risk management strategies;
- To cultivate the behavior management culture featuring compliance and integrity for employees, approve the code of conduct and detailed rules, supervise the senior management to conduct employees' behavior management;
- To exercise other functions and powers stipulated by laws and regulations or the Articles of Association of the Bank, or authorized by the Shareholders' General Meeting.

The Board of Directors should listen to the opinions of the CPC Committee of the Bank before making significant decisions of the Bank.

### Special Committees under the Board of Directors

#### **Strategy/Consumer Rights Protection Committee**

The Strategy/Consumer Rights Protection Committee consists of four directors, of whom Mr. Wang Kai is the chairing member. The other members are Mr. Yang Dongwei, Mr. Xu Yuehong and Mr. Guo Yunzhao. The primary responsibilities of the Committee are: formulating the Bank's business management objective and development strategies; supervising and evaluating the implementation process of the Bank's strategies; supervising, examining and evaluating annual business plans, financial budget plans and final accounts, profit distribution plans, investment proposals, capital planning and their implementation; studying and deliberating material investment and financing proposals and M&A proposals; studying and deliberating the institution establishment; studying and drafting the Bank's consumer rights protection strategies, policies and objectives, supervising and evaluating the consumer rights protection work, etc.

#### **Risk Management Committee**

The Risk Management Committee of the Board consists of Three directors, of whom Mr. Wang Bing is the chairing member (proposed). The other members are Mr. Chen Shimin and Mr. Wangxi. Upon the recommendation of the committee members, Mr. Wang Xi convened and chaired the committee in place of Mr. Wang Bing until Mr. Wang Bing's directorship qualifications are approved. The primary responsibilities of the committee are: reviewing

risk management strategies, risk management policies, risk appetite, internal control process, business continuity strategies of the Bank, etc., reviewing risk management matters such as asset risk classification and loss allowance policy, major asset disposal, major asset write-off, etc., supervising and evaluating the risk policy, risk management and risk level, internal control, case prevention management, compliance risk management of the Bank, etc., and performing part of the responsibilities of money laundering management risk.

#### **Nomination & Remuneration Committee**

The Nomination & Remuneration Committee consists of three Directors, of whom Mr. Guo Yunzhao is the chairing member. The other members are Mr. Yu Shengquan (proposed) and Mr. Zhao Xudong. The primary responsibilities of the committee are: formulating procedures and standards of selection and appointment of Directors, and Senior Executives, conducting preliminary review of the eligibilities of Director and Senior Executive candidates, formulating evaluation system, remuneration policy and incentives scheme for Directors and Senior Executives, supervising the implementation of such policy and scheme, etc.

#### **Audit Committee**

The Audit Committee consists of four Directors, of whom Mr. Chen Shimin is the chairing member. The other members are Mr. Zhang Linfu (proposed), Mr. Zhao Xudong and Mr. Wang Zhulin (proposed). The primary responsibilities of the committee are: studying the establishment, operation and maintenance of the internal audit system of the Bank; supervising, inspecting and evaluating internal audit work of the Bank and the external audit institutions, auditing the Bank's financial information, and disclosing significant financial policies and their implementation, supervising annual auditing of the Bank, etc.

#### **Connected Transaction Control/Inclusive Finance Development Committee**

The Connected Transaction Control/Inclusive Finance Development Committee consists of three directors, of whom Mr. Wang Xi is the chairing member. The other members are Ms. Liu Hui and Mr. Wang Zhulin (proposed). The primary responsibilities of the committee are: reviewing and urging the formulation and implementation of connected transaction management policies, supervising the establishment and improvement of the connected transaction management system, examining and appraising the connected transactions, controlling risks associated with connected transactions; researching and deliberating the development strategy planning and basic management system of inclusive finance business, deliberating annual business plans and appraisal measures of inclusive finance, etc.

## Corporate Governance

### Meetings Convened by the Board of Directors and its Special Committees

#### Meetings Convened by the Board of Directors

In 2023, the Bank convened a total of 9 Board meetings. The table below shows Directors' attendance rate at Board meetings during the reporting period:

#### *Incumbent Directors' attendance rate at Board meetings during the reporting period*

<b>Members of the Board of Directors</b>	<b>Number of meetings attended in person/Number of meetings required to attend</b>	<b>Number of on-site meetings to attend by proxy/ Number of on-site meetings required to attend</b>	<b>Rate of attendance at on-site meetings in person</b>
Bai Tao	9/9	0/5	100%
Wang Kai	9/9	0/5	100%
Wang Bing (proposed)	–	–	–
Yu Shengquan (proposed)	–	–	–
Liu Hui	–	–	–
Yang Dongwei	8/9	1/5	80%
Xu Yuehong	–	–	–
Zhang Linfu (proposed)	–	–	–
Guo Yunzhao	9/9	0/5	100%
Chen Shimin	9/9	0/5	100%
Zhao Xudong	9/9	0/5	100%
Wang Xi	8/8	0/5	100%
Wang Zhulin (proposed)	–	–	–

#### *Retired Directors' attendance rate at Board meetings during the reporting period*

<b>Retired Directors</b>	<b>Number of meetings attended in person/Number of meetings required to attend</b>	<b>Number of meetings attended by proxy/Number of meetings required to attend</b>
Yin Yi	–	–
Su Hengxuan	2/4	2/4
Zhang Di	3/4	1/4
Liu Lixiao	4/4	–
Cai Chengwei	8/9	1/9
Dai Jiakai (proposed)	–	–
Liu Xiangyang	3/4	1/4
Tang Xiaoqing	1/1	–
Chen Yachu	4/4	–



From 8 February to 15 February 2023, the Bank held the 24th meeting of the 9th session of the Board of Directors through written endorsement. During the meeting, the Bank reviewed and approved 3 proposals, including the Proposal on the Election Arrangements for the 9th Session of the Board of Directors of China Guangfa Bank, the Proposal on the Formulation of the 'Deferred Payment and Recovery Management Measures of Employee Performance-Based Compensation of China Guangfa Bank', and the Proposal on Risk Appetite Policy of China Guangfa Bank for 2023. Additionally, the Bank reviewed the Report on Pledged Equity of China Guangfa Bank and made corresponding resolutions.

On 22 March 2023, the Bank convened the 25th meeting of the 9th session of the Board of Directors. During the meeting, the Bank reviewed and approved 14 proposals, including: the Proposal on Consumer Rights Protection and Service Work Report for 2022 and the Work Plan for 2023 of China Guangfa Bank, the Proposal on the Comprehensive Risk Management Report of China Guangfa Bank for 2022, the Proposal on the Management of Country Risk for 2022 and the Determination of Country Risk Levels and Limits for 2023 of China Guangfa Bank, the Proposal on the Consolidated Management Report of China Guangfa Bank for 2022, the Proposal on the Internal Control Evaluation Report of China Guangfa Bank for 2022, the Proposal on the Compliance Risk Management Report of China Guangfa Bank for 2022, the Proposal on the Management Report of Interest Rate Risk in the Bank's Books of China Guangfa Bank for 2022, the Proposal on the Reputation Risk Management for 2022 and Management Strategies for 2023 of China Guangfa Bank, the Proposal on Nomination Mr. Wang Zhulin as an Independent Director Candidate for the 9th Session of the Board of Directors of China Guangfa Bank, the Proposal on the Resignation of Mr. Yin Yi as the Vice President of China Guangfa Bank, the Proposal on the Resignation of Mr. Zhang Wei as the Chief Strategy Officer of China Guangfa Bank, the Proposal on the Appointment of Mr. Li Xiaoshui as Vice President and Risk Officer of China Guangfa Bank, the Proposal to Convene the 2023 1st Extraordinary General Meeting of Shareholders of China Guangfa Bank, the Proposal on the Report on the Authorization of the Board of Directors at the 2022 Shareholders' General Meeting of China Guangfa Bank. Additionally, the Bank reviewed 12 reports, including the Report on the Operation and Budget Execution of China Guangfa Bank for 2022, the Report on the Technology Work of China Guangfa Bank for 2022, the Report on the Market Risk Management of China Guangfa Bank for 2022, the Report on the Operational Risk Management of China Guangfa Bank for 2022, the Report on the Liquidity Risk Management of China Guangfa Bank for 2022, the Report on the Business Continuity Management Assessment of China Guangfa Bank for 2022, the Report on the Information Technology Risk Management of China Guangfa Bank for 2022, the Report on the Outsourcing Management of China Guangfa Bank for 2022, the Report on the Implementation of Disaster Recovery Drills at the Disaster Backup Center of China Guangfa Bank for 2022, the Report on the Implementation of Authorization by the Board of Directors to the Senior Management of China Guangfa Bank for 2022, the Report on the Self-Assessment of Corporate Governance

of China Guangfa Bank for 2023, the Report on the Execution of Agreed Matters Determined by the Board of Directors. Subsequently, corresponding resolutions were reached at the meeting.

On 26 April 2023, the Bank convened the 26th meeting of the 9th session of the Board of Directors via both on-site and video connection. The Bank reviewed and approved 23 proposals, including: the Proposal on the Work Report for 2022 and the Work Plan for 2023 of the Board of Directors of China Guangfa Bank, the Proposal on the Performance Report of Independent Directors of China Guangfa Bank for 2022, the Proposal on the Audit Report under Chinese Accounting Standards of China Guangfa Bank for 2022, the Proposal on the Audit Report under International Accounting Standards of China Guangfa Bank for 2022, the Proposal on the Financial Final Account Report of China Guangfa Bank for 2022, the Proposal on the Profit Distribution Plan of China Guangfa Bank for 2022, the Proposal on the Implementation Plan of Dividend Distribution of China Guangfa Bank for 2022, the Proposal on the Operating Plan and Financial Budget of China Guangfa Bank for 2023, the Proposal on the Annual Report of China Guangfa Bank, the Proposal on the 2022 Environmental, Social and Governance (ESG) Report of China Guangfa Bank for 2022, the Proposal on the Internal Capital Adequacy Assessment Report of China Guangfa Bank for 2023, the Proposal on the Issuance of RMB50 Billion Ordinary Financial Bonds in 2023 and Issuance of RMB76 Billion Capital Bonds from 2023 to 2024 by China Guangfa Bank, the Proposal on the Green Finance Development Report of China Guangfa Bank for 2022, the Proposal on the Internal Audit Work Plan of China Guangfa Bank for 2023, the Proposal on the Problems Found in Internal Audit and Subsequent Rectification of China Guangfa Bank for 2022, the Proposal on the Implementation Report of the Expected Credit Loss Method of China Guangfa Bank for 2022, the Proposal on the Verification Report of the Interest Rate Risk Model in the Bank's Books of China Guangfa Bank, the Proposal on the Revision of the 'Internal Control Evaluation Management Measures' of China Guangfa Bank, the Proposal on the Evaluation Report of Internet Loan Business of China Guangfa Bank for 2022, the Proposal on the Connected Transaction Report of China Guangfa Bank for 2022, the Proposal on the Major Shareholder Evaluation Report of China Guangfa Bank for 2022, the Proposal on the Appointment of New Members for Certain Special Committees under the 9th Session of the Board of Directors of China Guangfa Bank, the Proposal to Convene the Annual General Meeting of China Guangfa Bank for 2022. Additionally, the Bank reviewed 6 reports, including: the Report on the Comprehensive Risk Stress Test of China Guangfa Bank for 2023, the Verification Report on the Risk Internal Assessment Model of China Guangfa Bank for 2022, the Report on the Operation of the Credit Risk Internal Rating System of China Guangfa Bank for 2022, the Report on the Disposal and Management of Non-Performing Assets of China Guangfa Bank for 2022, the Report on Bad Debts Writing-Off of Non-Performing Loans of China Guangfa Bank for 2022, the Report on the Internal Audit of China Guangfa Bank for 2022. Subsequently, relevant resolutions were duly passed.

## Corporate Governance

From 19 May to 25 May 2023, the Bank convened the 27th meeting of the 9th session of the Board of Directors via written endorsement. The Bank reviewed and approved two proposals: the Proposal on the Nomination of Candidates of Equity Directors and Independent Directors for the 10th Session of the Board of Directors of China Guangfa Bank and the Proposal on Capital Planning from 2023 to 2027 of China Guangfa Bank. Additionally, the Bank reviewed the Report on the Operating Conditions and Budget Execution for the First Quarter of 2023 of China Guangfa Bank and passed relevant resolutions.

On 20 June 2023, the Bank convened the 1st meeting of the 10th session of the Board of Directors via both on-site and video connection. The Bank reviewed and approved 15 proposals, including the Proposal on the Election of Mr. Bai Tao as the Chairman of the 10th Session of the Board of Directors of China Guangfa Bank, the Proposal on the Election of Mr. Wang Kai as the Vice Chairman of the 10th Session of the Board of Directors of China Guangfa Bank, the Proposal on the Establishment and Composition of Special Committees of the 10th Session of the Board of Directors of China Guangfa Bank, the Proposal on the Appointment of Mr. Wang Kai as the President of China Guangfa Bank, the Proposal on the Appointment of Mr. Li Guangxin as the Secretary of the Board of Directors of China Guangfa Bank, the Proposal on the Appointment of Mr. Zheng Xiaolong as Vice President of China Guangfa Bank, the Proposal on the Appointment of Mr. Lin Deming as Vice President of China Guangfa Bank, the Proposal on the Appointment of Mr. Li Xiaoshui as Vice President and Risk Officer of China Guangfa Bank, the Proposal on the Evaluation Report of the Implementation of the 14th Five-Year Plan of China Guangfa Bank for 2022, the Proposal on Adjustment of Important Models and Key Parameters for the Implementation of the Expected Credit Loss Method for the Mid-term of 2023 of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for the Implementation of the Expected Credit Loss Method of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for Impairment of Non-Credit Assets of China Guangfa Bank, the Proposal on the Amendment of the Risk Management Measures for Off-Balance Sheet Business of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for the Classification of Financial Assets Risk of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for Reputation Risk of China Guangfa Bank. Subsequently, relevant resolutions were passed.

From 17 August to 28 August 2023, the Bank convened the 2nd meeting of the 10th session of the Board of Directors via written endorsement. The Bank reviewed and approved 4 proposals, including: the Proposal on the Recovery Plan and Disposal Plan (2023 Edition) of China Guangfa Bank, the Proposal on the Consumer Rights Protection and Customer Service in the First Half of 2023, and the Work Plan Thereof for the Second Half of 2023 of China Guangfa Bank, the Proposal on the Amendment of the Proposal Management Measures of the Board of Directors of China Guangfa Bank, the Proposal on the Formulation of the Governance Measures for Equity and Connected Transaction Data of China Guangfa Bank. Additionally, the Bank reviewed the Report on the Execution of Decisions of the Board of Directors in the First Half of 2023 of China Guangfa Bank and passed relevant resolutions.

On 26 September 2023, the Bank convened the 3rd meeting of the 10th session of the Board of Directors via both on-site and video connection. The Bank reviewed and approved 7 proposals, including: the Proposal on the Comprehensive Risk Management Report for the First Half of 2023 of China Guangfa Bank, the Proposal on the Amendment of the Basic Regulations of Business Continuity Management of China Guangfa Bank, the Proposal on the Performance Assessment Indicators for Senior Management of China Guangfa Bank for 2023, the Proposal on the Resignation of Mr. Zheng Xiaolong as Vice President of China Guangfa Bank, the Proposal on the Appointment of Mr. Li Bing as Vice President of China Guangfa Bank, the Proposal on the Appointment of Mr. Li Huaigen as Chief Information Officer of China Guangfa Bank, the Proposal on the Amendment of the Authorization from the Board of Directors of China Guangfa Bank to Senior Management. Additionally, the Bank reviewed 3 reports: the Report on the Operation and Budget Execution for the First Half of 2023 of China Guangfa Bank, the Report on the Market Risk Management for the First Half of 2023 of China Guangfa Bank, and the Report on the Non-Performing Asset Management for the First Half of 2023 of China Guangfa Bank, and passed relevant resolutions.

On 29 November 2023, the Bank convened the 4th meeting of the 10th session of the Board of Directors via both on-site and video connection. The Bank reviewed and approved 11 proposals, including: the Proposal on the Performance Assessment Results and Compensation Distribution for Senior Management of China Guangfa Bank for 2022, the Proposal on the Settlement Plan for Director Remuneration of China Guangfa Bank for 2022,

the Proposal on the Report of Deferred Payment and Recovery of Employee Performance-Based Compensation of China Guangfa Bank for 2022, the Proposal on the Appointment of Ms. Jin Qian as Chief Credit Officer of China Guangfa Bank, the Proposal on the Amendment of the Comprehensive Risk Management Measures of China Guangfa Bank, the Proposal on the Amendment of the Consolidated Management Measures of China Guangfa Bank, the Proposal on the Donation to China Life Foundation and Enhancing the Brand Influence of China Guangfa Bank with the Assistance of the Foundation, the Proposal to sign the Unified Transaction Agreement between China Guangfa Bank and China Life Property & Casualty Insurance, the Proposal on the Formulation of the Management Regulations for Consumer Personal Information Protection of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for Information Disclosure of Consumer Rights Protection of China Guangfa Bank, the Proposal to Convene the Extraordinary General Meeting of Shareholders of China Guangfa Bank. Additionally, the Bank reviewed the Report on the Regulatory Evaluation and Rectification Work of Consumer Rights Protection for 2022 of China Guangfa Bank and passed relevant resolutions.

From 15 December to 27 December 2023, the Bank convened the 5th meeting of the 10th session of the Board of Directors via written endorsement. The Bank reviewed and approved 9 proposals, including: the Proposal on the Adjustment of Important Models and Key Parameters for the Implementation of the Expected Credit Loss Method of China Guangfa Bank, the Proposal on the Amendment of the Risk Appetite Management Measures of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for Risk Management of Large Exposures of China Guangfa Bank, the Proposal on the Amendment of the Market Risk Management Measures of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for Interest Rate Risk in the Bank Books of China Guangfa Bank, the Proposal on the Amendment of the Management Measures for Fair Value Valuation of Financial Instruments of China Guangfa Bank, the Proposal on the Anti-Money Laundering Work Report of China Guangfa Bank, the Proposal on the Risk Assessment Report of the Commission of Credit Card Distributed Core System of China Guangfa Bank, and the Proposal on the Non-Performing Loans Write-off. Additionally, the Bank reviewed the Report on the Data Governance of China Guangfa Bank for 2023 and passed relevant resolutions.

### ***Meetings of special committees of the Board of Directors***

In 2023, the special committees of the Board of Directors held 29 meetings, deliberated 76 proposals and reviewed 23 reports. The committees reviewed and approved the Bank's financial final accounts report, financial audit report, profit distribution plan, comprehensive risk management report, internal control assessment report, annual connected transaction report, annual report, consumer rights protection and service work report for 2022 and work plan for 2023, operational plan and financial budget for 2023, internal audit work plan, anti-money laundering work report, inclusive finance business plan, as well as director nominations, senior executive appointments and dismissals, risk appetite policy, implementation report of the expected credit loss method, recovery and disposal plan, internal audit problem found and rectification report, etc. Additionally, the committees reviewed reports on business performance and budget execution, business continuity management assessment, various risk management, non-performing asset management, internal audit, data governance, regulatory assessment for consumer rights protection and rectification, general connected transaction record, technology work, outsourcing management, etc. Among those meetings, 7 meetings were held by the Nomination and Remuneration Committee in 2023, deliberating 15 proposals.

### **Implementation of the resolutions of the shareholders' general meeting by the Board of Directors**

During the reporting period, the Board of Directors strictly complied with the relevant laws and regulations and financial regulatory requirements, implemented the decisions of the CPC Central Committee, conscientiously carried out the resolutions of the shareholders' general meeting, guided the senior executives to adhere to their duties to serve the real economy, and promoted the construction of internal control and compliance, thereby promoting the steady and sustainable development of the Bank's businesses.

### **Independence and Performance of Duties of Independent Directors**

At the end of the reporting period, there are five Independent Directors (one proposed Independent Director) in the Board of Directors of the Bank, which meets regulatory requirements on the qualification, number and proportion of Independent Directors. None of the Independent Directors has any business or financial interests in the Bank or assumed any managerial post in the Bank, which meets relevant regulatory requirements on independence. Independent Directors represent the majority and act as chairing members in the Nomination & Remuneration Committee, Audit Committee, and Connected Transaction Control Committee/Inclusive Finance Development Committee.

# Corporate Governance

During the reporting period, Independent Directors of the Bank, as required by laws and regulations and the Articles of Association of the Bank, acted with due diligence and attended Board meetings and its special committees in person to exercise their supervision rights and express their opinions on an adequate, objective and independent basis, in order to assist the Board of Directors and special committees to improve efficiency and scientific decision – making ability. Moreover, Independent Directors and its special committees fully leveraged their expertise and professionalism to actively participate in the deliberation and decision-making of proposals at Board and its special committees meetings, make independent judgments on major matters such as profit distribution, director nomination, recruitment and resignation of senior executives, remuneration of directors, performance assessment results and remuneration distribution for senior management, major connected transactions, etc., and express independent opinions in an objective and impartial manner, to protect overall interest of the Bank and legitimate rights and interests of the whole shareholder, especially minority shareholders, and gave full play to their role as Independent Directors. During the inter-sessional period, independent directors actively participated in specialized training on consumer rights protection, anti-money laundering, and connected transaction management, continuously improving their capabilities to perform their duties; took part in joint investigations by the Board of Directors and the Board of Supervisors, gaining in-depth insights into the implementation of decisions and deployments of the Party Central Committee, the execution of the 14th Five-Year Plan, the implementation of annual operational management objectives, risk and internal control compliance management, technology empowerment and digital transformation, consumer rights protection, and customer service enhancement in both head office's departments and branches, and provided professional opinions and suggestions; participated in development seminars, discussed on topics such as accelerating business transformation for long-term sustainable development, strengthening risk prevention and maintaining overall stability of asset quality, and provided constructive viewpoints and suggestions. The Board of Directors and senior management attached great importance to the opinions and suggestions of Independent Directors.

## Board of Supervisors

### Composition of the Board of Supervisors

As at the end of the reporting period, the Board of Supervisors of the Bank consists of six Supervisors, including one Shareholder Supervisor, two External Supervisors and three Employee Supervisors; the number of members and composition of the Board of Supervisors comply with the regulatory requirements and provisions of the Articles of Association of the Bank. The Shareholder Supervisors possess extensive experience in enterprise management. The External Supervisors are professionals in accounting and legal affairs; and the Employee Supervisors have been engaged in bank operations and management for a long time with extensive professional experience in finance.

### Responsibilities of the Board of Supervisors

The Bank has the Board of Supervisors. The responsibilities of the Board of Supervisors in accordance with the law include the following:

- Supervising the duty performance of the Board of Directors, Senior Management and their members, and proposing dismissal of Directors and Senior Executives in violation of laws, administrative regulations, the Articles of Association of the Bank or resolutions of the shareholders' general meeting;
- Conducting comprehensive appraisal of the performance of the Directors, Supervisors and Senior Executives, and reporting to the shareholders' general meeting and regulatory authorities;
- Requiring Directors and Senior Executives to rectify any of their behaviors in damage of the Bank's interests;
- Inquiring Directors and Senior Executives;
- Supervising the electing and engaging procedures of directors;
- Examining and supervising financial activities of the Bank;
- Deliberating the Bank's profit distribution proposal, and issuing opinions on the compliance and rationality;
- Deliberating the Bank's regular reports, and issuing written audit opinions on the authenticity, accuracy and integrity of reports;
- Supervising business decisions, risk management and internal control of the Bank and guiding the internal audit department about their work;
- Attending meetings held by the Board of Directors;
- Proposing to convene an extraordinary general meeting, and convening and presiding over the general meeting when the Board of Directors fails to do so in accordance with the Articles of Association of the Bank;
- Making proposals to shareholders' general meeting;

- Filing lawsuits to the Directors and Senior Executives in accordance with laws and provisions of the Articles of Association of the Bank;
- Supervising the Board of Directors to determine a sound business philosophy, value criterion and formulating development strategy according to the actual situation of the Bank;
- Regularly assessing the scientificity, rationality and effectiveness of the development strategies developed by the Board of Directors and formulated assessment reports;
- Supervising the scientificity and rationality of the bank-wide remuneration management system and remuneration schemes for senior management;
- Exercising other responsibilities stipulated by laws, regulations and the Articles of Association of the Bank, or authorized by the Shareholders' General Meeting.

### Special Committees under the Board of Supervisors

The Nomination Committee and Supervisory Committee are set up under the Board of Supervisors of the Bank, both of which are chaired by External Supervisors.

#### Nomination Committee

At the end of the reporting period, the Nomination Committee is composed of three Supervisors, of whom Mr. Li Weiyi is the chairing member and the other members are Ms. Lu Zeyuan and Ms. Pan Hua.

The primary responsibilities of Nomination Committee are:

- Making proposals to the Board of Supervisors in terms of the size and composition of the Board of Supervisors, according to the Bank's operation and management situations, asset size and equity structure;
- Formulating the selection procedures and standards for supervisors, conducting preliminary review on the eligibilities and qualifications of Supervisor candidates, and making proposals to the Board of Supervisors;
- Nominating and recommending candidates of special committees to the Board of Supervisors;
- Formulating the supervision proposal for the performance of Directors, Senior Management and members, and organizing the implementation after the proposal is approved by the Board of Supervisors;
- Conducting comprehensive appraisal of the performance of Directors, Supervisors and Senior Management and reporting to the Board of Supervisors;
- Supervising the electing and engaging procedures of Directors;
- Supervising the scientificity and rationality of the bank-wide remuneration management system and remuneration schemes for senior management;
- Exercising other responsibilities stipulated by laws, regulations and the Articles of Association of the Bank, or authorized by the Board of Supervisors.

#### Supervisory Committee

At the end of the reporting period, the Supervisory Committee is composed of three Supervisors, of whom Mr. Tan Youchao is the chairing member and the other members are Ms. Lu Zeyuan and Ms. Guan Tiejun.

The primary responsibilities of the Supervisory Committee are:

- Formulating proposals (as needed) of supervision and inspection on the operational decision making, risk management and internal control, etc. and organizing the implementation after the proposals are approved by the Board of Supervisors;
- Formulating plans (as needed) to supervise the financial activities of the Bank and implement related inspections;
- Formulating the supervision proposals (as needed) on whether the Board of Directors has established a sound business philosophy, values criterion and development strategy according to the actual situation of the Bank, and organizing the implementation after the proposals are approved by the Board of Supervisors;
- Putting forward opinions on the profit distribution proposal to be submitted by the Board of Directors to the general meeting, and reporting to the Board of Supervisors;
- Reviewing the Bank's regular reports made by the Board of Directors, raising written opinions, and reporting to the Board of Supervisors;
- Regularly assessing the scientificity, rationality and effectiveness of the development strategies developed by the Board of Directors;
- Exercising other responsibilities stipulated by laws, regulations and the Articles of Association of the Bank, or authorized by the Board of Supervisors.



## Corporate Governance

### Meetings of the Board of Supervisors and special committees during the reporting period

During the reporting period, the Board of Supervisors of the Bank convened a total of nine meetings, which are as follows:

From 9 February to 15 February 2023, the Bank convened the 22nd meeting of the 8th session of the Board of Supervisors via written endorsement. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on the Election Arrangement of the Eighth Session of Board of Supervisors of China Guangfa Bank, the Proposal on Formulating the 'Deferred Payment and Recovery Management Measures of Employee Performance-Based Compensation of China Guangfa Bank', and the Proposal on Risk Appetite Policy of China Guangfa Bank for 2023. Additionally, the Bank reviewed the Report on the Pledged Equity of China Guangfa Bank and relevant resolutions were duly passed.

On 22 March 2023, the Bank convened the 23rd meeting of the 8th session of the Board of Supervisors via on-site connection. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on the Evaluation Report on the Performance of Directors in 2022 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report on the Performance of Supervisors in 2022 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Senior Management in 2022 by the Board of Supervisors of China Guangfa Bank, the Proposal on Adding Members of the Nomination Committee of the Eighth Session of the Board of Supervisors of China Guangfa Bank, the Proposal on Adding Members of the Supervisory Committee of the Eighth Session of the Board of Supervisors of China Guangfa Bank, the Proposal on the Report on Consumer Rights Protection and Service Work in 2022 and Work Plan of China Guangfa Bank for 2023, the Proposal on the Comprehensive Risk Management Report of China Guangfa Bank for 2022, the Proposal on the Country Risk Management in 2022 and Determination of Country Risk Levels and Limits of China Guangfa Bank for 2023, the Proposal on the Consolidated Management Report of China Guangfa Bank for 2022, the Proposal on the Internal Control Evaluation Report of China Guangfa Bank for 2022, the Proposal on the Compliance Risk Management Report of China Guangfa Bank for 2022, the Proposal on the Management Report of Interest Rate Risk in the Bank's Books of China Guangfa Bank for 2022, the Proposal on the Reputation Risk Management in 2022 and Management Strategy of China Guangfa Bank for

2023. The reports reviewed included the operation and budget execution for 2022, market risk management, operational risk management, liquidity risk management, business continuity management assessment, information technology risk management, outsourcing management, implementation of disaster recovery drills at disaster backup center, implementation of agreed matters determined at the Board of Supervisors meetings, and the self-assessment of corporate governance for 2023, and relevant resolutions were duly passed.

On 26 April 2023, the Bank convened the 24th meeting of the 8th session of the Board of Supervisors via on-site connection. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on the Board of Supervisors Work Report for 2022 and Work Plan for 2023 of China Guangfa Bank, the Proposal on the Audit Report of China Guangfa Bank for 2022 under Chinese Accounting Standards, the Proposal on the Audit Report of China Guangfa Bank for 2022 under International Accounting Standards, the Proposal on the 2022 Financial Final Report of China Guangfa Bank, the Proposal on the Profit Distribution Plan for 2022 of China Guangfa Bank, the Proposal on the Business Plan and Financial Budget for 2023 of China Guangfa Bank, the Proposal on the Annual Report of China Guangfa Bank for 2022, the Proposal on the Environmental, Social, and Governance (ESG) Report of China Guangfa Bank for 2022, the Proposal on the Internal Capital Adequacy Assessment Report of China Guangfa Bank for 2023, the Proposal on the Issuance of RMB50 Billion Ordinary Financial Bonds in 2023 and Issuance of RMB76 Billion Capital Bonds from 2023 to 2024 by China Guangfa Bank, the Proposal on the Development of Green Finance for 2022 of China Guangfa Bank, the Proposal on the Internal Audit Work Plan for 2023 of China Guangfa Bank, the Proposal on the Internal Audit Findings and Rectification Status of China Guangfa Bank for 2022, the Proposal on the Report of Implementation of the Expected Credit Loss Method of China Guangfa Bank for 2022, the Proposal on the Connected Transactions Report of China Guangfa Bank for 2022, the Proposal on the Revision of the 'Internal Control Evaluation Management Measures of China Guangfa Bank', the Proposal on the Evaluation Report of Internet Loan Business of China Guangfa Bank for 2022. Additionally, the Bank reviewed reports on the comprehensive risk stress testing for 2023, the internal risk assessment and application model verification for 2022, the operation of the internal rating system for credit risk, the disposal and management of non-performing assets, the write-off of non-performing loans, and the internal audit work, and relevant resolutions were duly passed.

From 19 May to 25 May 2023, the Bank convened the 25th meeting of the 8th session of the Board of Supervisors via written endorsement. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on Nominating Candidates for Shareholder Supervisors and External Supervisors of the Ninth Session of the Board of Supervisors of China Guangfa Bank, the Proposal on the Capital Planning of China Guangfa Bank for 2023-2027. Additionally, the Bank reviewed the report on the operation and budget execution for the first quarter of 2023, and corresponding resolutions were duly passed.

On 20 June 2023, the Bank convened the 1st meeting of the 9th session of the Board of Supervisors via on-site connection. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal to elect Mr. Luo Yubing as the Chairman of the Ninth Session of the Board of Supervisors of China Guangfa Bank, the Proposal on the Establishment and Composition of the Special Committees of the Ninth Session of the Board of Supervisors of China Guangfa Bank, the Proposal on the Assessment Report of 14th Five-Year Plan Implementation of China Guangfa Bank for 2022, the Proposal on the Adjustment of Important Models and Key Parameters related to the Implementation of the Expected Credit Loss Method for the Mid-term of 2023 of China Guangfa Bank, the Proposal to Revise the 'Management Measures for the Implementation of Expected Credit Loss Method of China Guangfa Bank', the Proposal to Revise the 'Management Measures for Non-credit Asset Impairment of China Guangfa Bank', the Proposal to Revise the 'Risk Management Measures for Off-balance Sheet Business of China Guangfa Bank', the Proposal to Revise the 'Management Measures for Risk Classification and Management of Financial Asset of China Guangfa Bank', and relevant resolutions were duly passed.

From 18 August to 28 August 2023, the Bank convened the 2nd meeting of the 9th session of the Board of Supervisors via written endorsement. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on Consumer Rights Protection and Customer Service of China Guangfa Bank for the First Half of 2023 and the Work Plan Thereof for the Second Half of 2023, the Proposal to Formulate the 'Data Governance Measures for Equity and Connected Transactions of China Guangfa Bank'. Additionally, the Bank reviewed the report on the implementation of agreed matters determined at the Supervisory Board meetings for the first half of 2023, and relevant resolutions were duly passed.

On 26 September 2023, the Bank convened the 3rd meeting of the 9th session of the Board of Supervisors through a combination of on-site and video connection. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on the Comprehensive Risk Management Report for the First Half of 2023 of China Guangfa Bank, the Proposal to Revise the 'Bas Regulations for Business Continuity Management of China Guangfa Bank', the Proposal on the Performance Evaluation Indicators for Senior Management of China Guangfa Bank for 2023. Additionally, the Bank reviewed reports on the operational and budget execution situation, market risk management, and non-performing asset management for the first half of 2023, and corresponding resolutions were duly passed.

On 29 November 2023, the Bank convened the 4th meeting of the 9th session of the Board of Supervisors via on-site connection. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on the Settlement Plan for Supervisors' Remuneration of China Guangfa Bank for 2022, the Proposal to Revise the 'Evaluation Measures of the Performance of Directors and Supervisors by the Board of Supervisors of China Guangfa Bank (Trial)', the Proposal on the Performance Appraisal Results and Compensation Distribution for Senior Management of China Guangfa Bank for 2022, the Proposal on the Report on the Delayed Payment and Recovery of Employee Performance-Based Compensation of China Guangfa Bank for 2022, the Proposal to Revise the 'Comprehensive Risk Management Measures of China Guangfa Bank', the Proposal to Revise the 'Consolidated Management Measures of China Guangfa Bank', the Proposal on the Signing of the 'Unified Trading Agreement' between China Guangfa Bank and China Life Property & Casualty Insurance, the Proposal to Formulate the 'Management Regulations of Consumer Personal Information Protection of China Guangfa Bank', the Proposal to Revise the 'Management Measures for the Information Disclosure of Consumer Protection of China Guangfa Bank'. Additionally, the Bank reviewed the Report on Regulatory Evaluation and Rectification of Consumer Protection for 2022, and relevant resolutions were duly passed.

## Corporate Governance

From 15 December to 17 December 2023, the Bank convened the 5th meeting of the 9th session of the Board of Supervisors via written endorsement. During the meeting, the Bank reviewed and approved the proposals, including: the Proposal on the Work Plan for the Performance Evaluation of Directors, Supervisors and Senior Management for 2023 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Adjustment of Important Models and Key Parameters related to the Implementation of the Expected Credit Loss Method of China Guangfa Bank, the Proposal to Revise the 'Risk Appetite Management Measures of China Guangfa Bank', the Proposal to Revise the 'Management Measures for Risk Exposures of Large Loans of China Guangfa Bank', the Proposal to Revise the 'Market Risk Management Measures of China Guangfa Bank', the Proposal to Revise the 'Management Measures of Interest Rate Risk in the Bank's Books of China Guangfa Bank', the Proposal to Revise the 'Management Measures for Fair Value Estimation of Financial Instruments of China Guangfa Bank', the Proposal on the Anti-Money Laundering Work Report of China Guangfa Bank and the Proposal on the Write-off of Non-Performing Loans. Additionally, the Bank reviewed the Report on the Data Governance Work for 2023 and relevant resolutions were duly passed.

During the reporting period, the Nomination Committee under the Board of Supervisors of the Bank convened a total of 6 meetings, reviewing and approving the proposals, including: the Proposal on the Arrangement for the Election of the 8th Session of the Board of Supervisors of China Guangfa Bank, the Proposal to Formulate the 'Management Measures for Delayed Payment and Recovery of Employee Performance-Based Compensation of China Guangfa Bank', the Proposal on the Evaluation Report of the Performance of Directors in 2022 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Supervisors in 2022 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Senior Management in 2022 by the Board of Supervisors of China Guangfa Bank, the Proposal to Nominate Candidates for the Members of Nomination Committee of the 8th Session of the Board of Supervisors, the Proposal to Nominate Candidates for the Members of Supervisory Committee of the 8th Session of the Board of Supervisors, the Proposal to Nominate Candidates for Shareholder Supervisors and External Supervisors of the 9th Session of the Board of Supervisors of China Guangfa

Bank, the Proposal on the Performance Evaluation Indicators for Senior Management of China Guangfa Bank for 2023, the Proposal to Revise the 'Evaluation Measures of the Performance of Directors and Supervisors by the Board of Supervisors of China Guangfa Bank (Trial)', the Proposal on the Performance Appraisal Results and Compensation Distribution for Senior Management of China Guangfa Bank for 2022, the Proposal on the Report of the Delayed Payment and Recovery of Performance-Based Compensation for Employees of China Guangfa Bank for 2022, the Proposal on the Work Plan for the Performance Evaluation of Directors, Supervisors and Senior Management for 2023 by the Board of Supervisors of China Guangfa Bank, and relevant resolutions were duly passed.

During the reporting period, the Supervisory Committee of the Board of Supervisors of the Bank convened two meetings, which considered and approved the Proposal on Audit Report of China Guangfa Bank for 2022 as per Chinese Standards, the Proposal on Audit Report of China Guangfa Bank for 2022 as per International Standards, the Proposal on the Preliminary Profit Distribution Plan of China Guangfa Bank for 2022, and the Proposal on 2022 Annual Report of China Guangfa Bank, and relevant resolutions were duly passed.

### Performance of duties by external supervisors

The Board of Supervisors of the Bank currently has two external supervisors. The chairmen of the nomination committee and the supervision committee of the Board of Supervisors are all external supervisors. During the reporting period, the Bank's external supervisors worked diligently, gave full play to their expertise, and performed various supervisory duties in strict accordance with relevant laws and regulations, regulatory requirements and the Articles of Association of the Bank. They actively participated in meetings of the Board of Supervisors and special committees, carefully considered various proposals and expressed independent opinions and suggestions; effectively performed the duties of the chairmen of the special committees, promptly convened the meetings of the special committees; actively participated in the performance evaluation, inspection and investigation organized by the Bank; and strengthened study and training to further improve the ability to perform duties.

## Work of the Board of Supervisors

### ***Strengthen the leadership of Party building, further improving the integration efficiency between Party leadership and the governance of the Board of Supervisors***

During the reporting period, the Board of Supervisors earnestly implemented the work plan for the organic integration of enhancement of Party leadership and improvement of corporate governance. The Party's leadership was integrated throughout the entire supervision process of the Board of Supervisors, promoting effective connection between the governance and supervision of the Board of Supervisors and the Party Committee's pre-research. Regular reports on the implementation of the resolutions of the Board of Supervisors were submitted to the Party Committee, continuously enhancing the institutional and standardized integration. During the reporting period, important proposals submitted to the Board of Supervisors for deliberation were studied by the Party committee in advance while the opinions of the Party committee were earnestly taken, so as to practically apply the procedure in which the Party committee sets the direction.

### ***Ensure a smooth completion of the election and further enhance the governance framework of the Board of Supervisors***

During the reporting period, the term of the eighth session of the Board of Supervisors expired. The Board of Supervisors strictly followed the laws, regulations and the Articles of Association, while taking into account the regulatory requirements and the Bank's actual situation, to promptly initiate the election. Following the principles of specialized, diversified, and market nature, the Board of Supervisors advanced the nomination, recommendation, qualification review, and approval process for Shareholder Supervisors and External Supervisors in an orderly manner. The Board of Supervisors coordinated with the labor union to facilitate the election of Employee Supervisors, elected the ninth session of the Board of Supervisors, scientifically set up special committees for the new session of the Board of Supervisors, and successfully completed all aspects of the election, ensuring a smooth transition of the Board of Supervisors.

### ***Optimize the supervisory mechanism to further enhance the effectiveness of the supervisory functions of the Board of Supervisors***

During the reporting period, the Board of Supervisors, using the "Four Supervisions and One Evaluation" as the focal point, continuously refined its supervisory mechanism, detailed its supervisory content, and saw sustained improvement in the quality and effectiveness of its supervisory work.

#### (I) Strengthening the efficiency of deliberation and supervision

The Board of Supervisors implemented its regular resolutions, continuously monitored the implementation progress, and promoted in-depth supervision covering statutory areas such as business and financial decisions, risk management, internal control and compliance, internal audit, performance-based compensation, and strategic management, as well as key areas such as consumer rights protection, green finance, expected credit loss method, asset impairment management, and consolidated management. Efforts were made to implement suggestions and opinions raised by the Supervisors, resulting in 57 Notices to Handle the Resolutions Issued by the Board of Supervisors. Relevant departments were promptly informed to implement these resolutions, with progress tracked regularly and reported to the Board of Supervisors, thus continuously improving the closed-loop management system.

#### (II) Promoting attendance supervision

The Board of Supervisors further implemented and detailed the normal mechanism for supervisors to attend corporate governance meetings. They organized supervisors to attend one general meeting of shareholders and five on-site meetings of the Board of Directors. This allowed them to supervise the decision-making process on major issues such as overall operation and financial management, profit distribution, risk prevention and control, internal control and compliance, capital management, connected transactions, Director nomination and election, and Senior Management appointments, thus ensuring timely awareness of the daily performance of Directors and Senior Management. The Board of Supervisors appointed a supervisor as the chief scrutineer to supervise the voting and counting process at the general meeting of shareholders, so as to ensure

## Corporate Governance

the openness, fairness, and impartiality of shareholders' meeting decisions, practically protect the legitimate rights and interests of all shareholders, the Bank, and stakeholders.

### (III) Improving inquiry-based supervision

The Board of Supervisors, in accordance with the compliance checklist, focused on areas such as debt quality, internal control and compliance of new business and products, performance-based compensation, anti-money laundering, and external audits. It sent 14 Letters of Work of the Board of Supervisors to departments at the head office, compiled reports on supervisory work, and promptly shared them with Directors, Supervisors, and Senior Management for review, so as to improve the supervision scope and timeliness for the Board of Supervisors during the adjournment. Additionally, it enhanced the exchange and sharing of supervisory information among corporate governance entities.

### (IV) Conducting survey-based supervision

The new Board of Supervisors, in conjunction with the Board of Directors, conducted research at the departments of head office and Dongguan Branch. They held discussions with the heads of departments at the head office, as well as the leadership and mid-level management of the Dongguan Branch. They delved into frontline operations, focusing on the implementation of decisions from the CPC Central Committee, execution of strategies and operational objectives, risk prevention and control, business development, and customer service. This aimed to enhance the supervision over operation and management by the Supervisors, promptly generate special research reports, facilitate the implementation of research findings, and elevate the value of research supervision. Additionally, it organized supervisors to participate in bank-wide development seminars, where they provided insights and suggestions on accelerating business transformation, strengthening risk prevention and control, and leveraging technology empowerment for the Bank's high-quality development.

### (V) Enhancing performance evaluations

In accordance with regulatory provisions and institutional requirements, the Board of Supervisors has revised the method of evaluating the performance of Directors and Supervisors to further improve the scope and content of performance evaluation, continuously enhancing the

standardization and effectiveness of this evaluation process. The Board of Supervisors has optimized the implementation process of performance evaluation, conducting the evaluation of the performance of Directors, Supervisors, and Senior Management for 2022 in a lawful and compliant manner. Through daily supervision, communication, exchange, and reviewing performance records, the Board of Supervisors has meticulously grasped the performance situation. Based on self-assessment, peer evaluation among Directors, Supervisors, and Senior Management, as well as assessments of Directors by the Board, a comprehensive quantitative and qualitative analysis is carried out to objectively evaluate the annual performance of Directors, Supervisors, and Senior Management. This evaluation is documented in a performance evaluation report, which is submitted to regulatory authorities for review after approval by the Board of Supervisors and notified to shareholder at the shareholders' general meeting.

### (VI) Proactively collaborating in supervision

The Board of Supervisors actively participated in joint supervision meetings, implemented the joint supervision mechanism, and integrated the focus of joint supervision into the content of corporate governance supervision. It strengthened communication and cooperation with various functional supervision entities, regularly shared supervisory information, and improved supervisory effectiveness through enhanced cooperation.

### ***Deepen the substance of supervision to further enhance targeted and effective supervision by the Board of Supervisors***

During the reporting period, the Board of Supervisors, in accordance with regulatory requirements and key supervision areas, further focused on implementing the decisions of the CPC Central Committee, strategic management, finance and capital, risk management, internal control and compliance, internal audit, performance-based compensation, consumer rights protection, and other areas. The Board of Supervisors clarified its supervisory priorities, strengthened its supervision efforts, and effectively fulfilled its statutory supervisory responsibilities.

(I) Focusing on the capability of implementing the CPC Central Committee's deployments and arrangements and contributing to the overall interests. The Board of Supervisors deliberated on annual operating plans, social responsibility reports, green finance, and other proposals,



forming and issuing 5 notices of the agreed resolutions. It recommended that the management earnestly uphold the political and people-oriented nature of financial work, continuously enhance professionalism, serve the overall national development, contribute to the development of green economy, improve the quality and efficiency of financial services, and effectively fulfill the political responsibilities of centrally-owned financial enterprises.

(II) Deepening supervision of strategic management to drive improvements in the effectiveness of plan execution. The Board of Supervisors reviewed the assessment report on the implementation of the 14th Five-Year Development Plan for 2022, forming and issuing one notice of agreed matters. The management was advised to further advance the construction of strategic execution capabilities, strengthen process management, and comprehensively ensure the implementation and refinement of the 14th Five Year Plan.

(III) Deepening financial and capital supervision to promote the improvement of operation and management level. The Board of Supervisors reviewed and deliberated on proposals concerning financial budgets and execution, annual final reports, profit distribution plans, internal capital adequacy assessment reports, bond issuance, capital planning, forming and issuing 9 notices of agreed matters. It urged the management to emphasize stable revenue growth, increased effective credit extension, reduced interest payment costs, and strengthened revenue increase, cost reduction and efficiency enhancement efforts. It emphasized the decomposition and transmission of business plans and financial budgets, enhancing progress assessment and progress supervision. It also coordinated efforts to strengthen overall capital control and refined management to improve the efficiency of capital utilization.

(IV) Deepening supervision of risk management to enhance the capacity for risk prevention and mitigation. The Board of Supervisors reviewed and deliberated on various proposals and reports, including the risk appetite policy, comprehensive risk management report, risk management in various categories, comprehensive risk stress testing, risk rating and models, recovery and disposal of non-performing asset, implementation of expected credit loss method, off-balance sheet risk management, and asset impairment management. It issued 22 notices on agreed matters to urge management to solidly promote the capacity building of comprehensive risk management, further improve coordination mechanisms, and strengthen risk control. It focused on key business areas, enhancing risk assessment, early warning, monitoring, and investigation.

(V) Focusing on internal control and compliant supervision and promoting internal control management. The Board of Supervisors reviewed and deliberated on proposals and reports concerning internal controls, compliant risk management, connected transactions, business continuity management, and consolidated management. It issued 5 notices on agreed matters to urge management to strengthen the establishment of the bank-wide internal control and compliance system, continuously promote the rectification of issues identified during regulatory inspections, and take effective measures to prevent and mitigate risks. It also emphasized the need for the full-process closed-loop management of connected transaction management and enhance collaboration. Additionally, it called for the improvement of the mechanism for consolidated management to better identify and control consolidated risks.

(VI) Focusing on internal audit supervision and promoting quality and efficiency improvement for audit. The Board of Supervisors reviewed and deliberated on proposals and reports concerning the annual internal audit work report and work plan, internal audit findings and rectification. It issued 1 notice on agreed matters to urge the management to increase special audits in areas such as strategic planning execution, internal control and compliance, risk prevention and mitigation, optimize the allocation of audit resources, and promote the digital empowerment of audit work.

(VII) Focusing on performance-based remuneration supervision and optimizing the incentive and constraint mechanism. The Board of Supervisors reviewed the annual performance evaluation indicators for senior management, as well as the performance evaluation and compensation distribution for senior management, and the management measures for deferred payment and recovery of performance-based compensation. It issued 5 notices on agreed matters, suggesting that the management strictly adhere to regulatory requirements. It emphasized the strategic orientation of senior management performance evaluations, and focused on retrospective evaluations of the effectiveness of assessments. Additionally, it recommended strengthening the evaluation of the mechanism for recovering performance-based compensation and continuously improving the incentive and constraint mechanisms for compensation.

## Corporate Governance

(VIII) Focusing on the supervision of consumer rights protection and improving customer service capability. The Board of Supervisors reviewed and deliberated on proposals and reports concerning the work report and work plan for annual consumer rights protection, as well as the report on the regulatory evaluation and rectification work for consumer rights protection. It issued 3 notices on agreed matters, suggesting that the management earnestly implement consumer rights protection measures, further solidify the construction of the Bank's consumer rights protection system, strengthen the accountability for consumer protection, address blind spots and shortcomings, and enhance the Bank's core competitiveness through high-quality customer service.

### ***Enhance internal development to further improve the compliance and performance capabilities of the Board of Supervisors***

During the reporting period, the Board of Supervisors prioritized enhancing its professional capabilities to ensure the efficient operation of its supervisory tasks.

(I) Advancing institutional framework construction. The Board of Supervisors closely monitored the progress of the approval process for the revision of the Articles of Association, and modified and improved the relevant sections of the Board of Supervisors based on the approval feedback. It revised the method of performance evaluation for Directors and Supervisors, optimizing the process of the evaluation system. The Board of Supervisors continually updated the compliance performance checklist and strengthened the foundation of the governance system of the Board of Supervisors.

(II) Enhancing the effectiveness of performance. The Board of Supervisors has directed the office of the Board of Supervisors to provide professional and efficient service, employing various measures to enhance the supervisors' capabilities. This includes improving the management of performance records of supervisors, regularly updating and disseminating information to the supervisors. Additionally, it complied with procedures for the resignation of shareholder supervisors and promptly filled vacancies in the special committees of the Board of Supervisors. It strengthened the performance of supervisors by promptly sending over 20 materials such as regulatory bulletins, management briefs, and anti-money laundering quarterly reports. It also assisted supervisors in purchasing corporate governance reference books and helped them perform their duties efficiently. Additionally, it conducted research projects, completing and publishing comparative studies on governance among other Board of Supervisors in banking industry, providing insights for enhancing functions of the Board of Supervisors.

(III) Enhancing supervision through technology empowerment. The Board of Supervisors advanced the development of functional modules within the corporate governance system, leveraging digital tools to empower corporate governance supervision. This involved gradually transitioning the supervision content and processes of the Board of Supervisors to online platforms, enhancing the level of information management in governance supervision.

### **Independent Opinions of the Board of Supervisors on Relevant Matters**

#### ***Legitimate business***

During the reporting period, the Bank carried out operations in strict compliance with all applicable laws and regulations. The decision-making procedure of the Bank has fulfilled relevant requirements of laws and regulations, regulatory requirements and the Articles of Association of the Bank. There were no behaviors of directors and senior executives of the Bank found to have violated laws and regulations, regulatory requirements and the Article of Association of the Bank or have contravened the interests of the Bank or the shareholders.

#### ***Financial reporting***

During the reporting period, PricewaterhouseCoopers Zhong Tian LLP audited the 2022 financial statements prepared by the Bank in accordance with CAS and IAS. The Board of Supervisors thinks that the 2022 financial statements of the Bank are prepared and audited in accordance with legal and regulatory requirements and give a true, fair and comprehensive view on the Bank's actual operation.

#### ***Preliminary profit distribution plan***

During the reporting period, the Board of Supervisors considered and approved the 2022 Preliminary Profit Distribution Plan of China Guangfa Bank, regarded such plan and its decision-making procedures in compliance with requirements of laws, regulations, regulatory requirements and the Article of Association of the Bank while giving consideration to the current and long-term interests of shareholders of the Bank and taking full account of, among others, the Bank's capital adequacy level, strategic development requirements and external regulations, thus determined such plan is in line with the actual conditions of the Bank and agreed on its submission to the Shareholder's General Meeting for deliberation.

### ***Connected transactions***

During the reporting period, the Board of Supervisors considered and approved the Proposal on Report on Connected Transactions of China Guangfa Bank for 2022, and the Proposal on the Signing of the Unified Transaction Agreement between China Guangfa Bank and China Life Property & Casualty Insurance, conducted a written review of the Special Audit Report on Connected Transactions of China Guangfa Bank for 2022, and required the management to continuously streamline the work mechanisms, enhanced the closed-loop management and collaborative efforts in connected transactions; strictly implemented regulatory provisions to strengthen the compliance of the entire process management of connected transactions; solidly promoted system construction, and strengthened control over critical aspects of connected transactions; adhered to the rational and fair operation of connected transactions, and fulfilled the disclosure procedures as required by regulations. No act in breach of the principle of fairness or infringed to the interests of the Bank or its shareholders in the Connected Transactions of the Bank.

### ***Internal control***

During the reporting period, the Board of Supervisors considered and approved the Resolution on the 2022 Internal Control Evaluation Report of China Guangfa Bank, and believed that as of the base date of the 2022 Internal Control Evaluation Report, no major deficiencies of the Bank's financial report exist, nor the non-financial reporting internal control, and agreed with the report.

### ***Implementation of information disclosure system***

During the reporting period, the Bank fulfilled its information disclosure obligations in compliance with laws, regulations and regulatory requirements, conscientiously implemented the information disclosure management system, disclosed information in a timely manner, and disclosed truthful, accurate and complete information.

### ***Implementation of resolutions of shareholders' general meetings***

During the reporting period, the Board of Supervisors had no objections to the proposals and reports submitted by the Board of Directors to Shareholders' General Meeting and concluded that the Board of Directors had conscientiously implemented the relevant resolutions of Shareholders' General Meeting.

### **Information on Senior Management**

The President of the Bank is responsible to the Board of Directors and is subject to the supervision of the Board of Supervisors. Vice Presidents and other senior management shall assist the President's work. The authority of Senior Management and the Board of Directors are separated strictly in accordance with corporate governance policies including the Articles of Association of the Bank.

The specialized committees under Senior Management of the Bank include: Budget Management Committee, Central Procurement Committee, Financial Examination Committee, Strategy Development Committee, Product and Innovation Committee, Comprehensive Financial Marketing Committee, Consumer Rights Protection Committee, Performance Management Committee, Corporate Annuity Management Committee, School Affair Committee of CGB Party School (Guangfa Training Institute), Internal Control Compliance and Risk Management Committee, Business Continuity Management Committee, Accountability Committee, Confidentiality Committee, Brand Building Committee, Technology Management Committee, Cyber Security and Informatization Committee, Data Management and Control Committee, Non-performing Asset Disposal Approval Committee, Asset and Liabilities Management Committee, Credit Approval Committee, and Investment Business Approval Committee.

## Confirmation of the Bank's Annual Report 2023 by Directors and Senior Executives

We as Directors and Senior Executives of China Guangfa Bank Co., Ltd., have thoroughly understood and reviewed the Bank's 2023 Annual Report, issue our opinions as follows:

- I. Operations of the Bank are in strict compliance with the Accounting Standards for Business Enterprises, the Accounting Regulations for Business Enterprises, the Accounting Regulations for Financial Enterprises and relevant provisions; and the Bank's 2023 Annual Report gives a fair view of financial position and operating results of the Bank for the reporting period.
- II. The Bank's financial statements for 2023 have been audited by Ernst & Young Hua Ming LLP in accordance with China Standards on Auditing for Certified Public Accountants, which issued a standard unqualified auditor's report.
- III. We confirm that the information disclosed in the Bank's Annual Report 2023 is authentic, accurate and complete, and we confirm that there is no misrepresentation or misleading statement contained or material omission from it. We undertake individual and several liability for the authenticity, accuracy and completeness of its content.

### Signatures of Directors and Senior Executives

Name	Name
Bai Tao	Wang Kai
Yang Dongwei	Guo Yunzhao
Chen Shimin	Zhao Xudong
Wang Xi	Chen Xiangrong
Li Guangxin	Lin Deming
Li Xiaoshui	Li Huaigen
Jin Qian	

## Documents available for inspection

- I. Original copy of written confirmation opinions of the Annual Report 2023 by Directors and Senior Executives of the Bank.
- II. Original copy of the auditor's report with Certified Public Accountant Firm's chop affixed, signed and sealed by Certified Public Accountants.
- III. Articles of Association of China Guangfa Bank Co., Ltd.





The Bank earnestly pushed forward with digital transformation and strove to build a digital ecosystem with its own characteristics so as to provide customers with comprehensive, intelligent, and ecosystem-based services. Adhering to carrying out technology innovation and reform innovation, the Bank accelerated its efforts to develop new productive forces and strengthened new momentum of growth to build the “second curve” of new customer acquisition and business growth.

# Upholding Fundamental Principles and Innovating for the New Momentum of Growth Reform and Transformation:





# Auditor's Report



## Auditor's Report

Ernst & Young Hua Ming (2024) Shen Zi No. 70011363\_G01  
China Guangfa Bank Co., Ltd.

To the board of directors of China Guangfa Bank Co., Ltd.:

### (I) Opinion

We have audited the financial statements of China Guangfa Bank Co., Ltd. (the "Bank"), which comprise the consolidated and bank balance sheet as at 31 December 2023 and the consolidated and bank income statement, the consolidated and bank statement of changes in equity and the consolidated and bank statement of cash flows for the year then ended, and notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Bank's financial position as at 31 December 2023, and the the consolidated and Bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

### (II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of China Guangfa Bank Co., Ltd in accordance with China *Code of Ethics for Certified Public 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.

### (III) Other Information

Management of the Bank is responsible for the other information. The other information comprises all of the information included in 2023 annual report of the Bank other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

### Auditor's Report (continued)

Ernst & Young Hua Ming (2024) Shen Zi No. 70011363\_G01

China Guangfa Bank Co., Ltd.

#### **(IV) Responsibilities of the management and those charged with governance for the financial statements**

The management of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Bank'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 management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### **(V) Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

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

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

# Auditor's Report

## Auditor's Report (continued)

E&Y Hua Ming (2024) Shen Zi No. 70011363\_G01

China Guangfa Bank Co., Ltd.

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

- (4) Conclude on the appropriateness of the management's 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 Bank'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 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 Bank to cease to continue as a going concern.
- (5) Evaluate the overall presentation including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 those charged with governance 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.



Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant:



Feng Suoteng

Chinese Certified Public Accountant:



He Mingzhi

Beijing, the People's Republic of China

28 April 2024





## Consolidated Balance Sheet

31 December 2023 Expressed in thousands of Renminbi

		<b>The Group</b>	
		<b>31 December 2023</b>	31 December 2022
<b>Assets</b>			
	VII		
Cash and due from central banks	1	<b>231,997,008</b>	201,911,645
Due from banks and other financial institutions	2	<b>10,117,554</b>	13,261,148
Precious metals		<b>2,182,633</b>	1,493,950
Placements with banks and other financial institutions	3	<b>62,296,098</b>	62,017,895
Derivative financial assets	4	<b>7,587,798</b>	11,891,950
Financial assets held under resale agreements	5	<b>112,252,131</b>	122,681,971
Loans and advances to customers	6	<b>2,020,932,355</b>	2,000,620,223
Financial investment			
– Financial assets held for trading	7	<b>119,641,206</b>	168,934,934
– Debt investments	8	<b>536,401,090</b>	460,772,399
– Other debt investments	9	<b>347,714,836</b>	319,798,875
– Investments in other equity instruments	10	<b>4,870,595</b>	2,348,781
Fixed assets	12	<b>9,608,384</b>	9,483,671
Construction in progress	13	<b>2,215,370</b>	1,841,662
Intangible assets	14	<b>6,884,883</b>	6,312,554
Right-of-use assets	15	<b>4,862,925</b>	4,978,435
Deferred tax assets	16	<b>16,891,173</b>	17,192,117
Other assets	17	<b>13,065,532</b>	12,362,022
<b>TOTAL ASSETS</b>		<b>3,509,521,571</b>	3,417,904,232

## Consolidated Balance Sheet

31 December 2023 Expressed in thousands of Renminbi

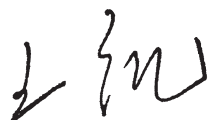
		The Group	
		31 December 2023	31 December 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
	VII		
Due to central banks		67,015,262	17,804,694
Due to banks and other financial institutions	19	411,168,322	372,539,205
Placements from banks and other financial institutions	20	88,779,817	65,057,041
Financial liabilities held for trading	21	217,308	134,228
Derivative financial liabilities	4	7,227,735	11,270,084
Financial assets sold under repurchase agreements	22	167,722,913	188,581,709
Customer deposits	23	2,181,525,472	2,169,898,457
Employee benefits payable	24	9,285,629	8,378,363
Taxes payable	25	5,005,560	9,076,905
Provisions	26	2,136,211	2,834,724
Lease liabilities	27	4,880,325	4,973,328
Bonds issued	28	276,173,702	291,719,133
Deferred tax liabilities	16	-	65
Other liabilities	29	11,399,029	13,786,916
<b>Total liabilities</b>		<b>3,232,537,285</b>	<b>3,156,054,852</b>

The accompanying notes form an integral part of these financial statements.

		<b>The Group</b>	
VII		<b>31 December 2023</b>	31 December 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (continued)</b>			
<b>Shareholders' equity</b>			
Share capital	30	<b>21,789,861</b>	21,789,861
Other equity instruments	31	<b>44,991,071</b>	44,991,071
Capital reserve	32	<b>53,315,958</b>	53,315,958
Other comprehensive income	33	<b>3,529,726</b>	659,992
Surplus reserve	34	<b>17,387,359</b>	15,807,498
General reserve	35	<b>40,683,801</b>	40,659,845
Undistributed profits	36	<b>95,286,510</b>	84,625,155
<b>Total shareholders' equity</b>		<b>276,984,286</b>	261,849,380
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,509,521,571</b>	3,417,904,232

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 155 to 375 signed by:



Wang Kai  
Legal representative and President



Li Xiaoshui  
Vice President in Charge of Finance



Sun Guangming  
Person in Charge of the Finance Department



China Guangfa Bank Co., Ltd.

# Bank Balance Sheet

31 December 2023 Expressed in thousands of Renminbi

		<b>The Bank</b>	
		<b>31 December 2023</b>	31 December 2022
<b>Assets</b>			
Cash and due from central banks	1	<b>231,997,008</b>	201,911,645
Due from banks and other financial institutions	2	<b>9,775,346</b>	13,030,831
Precious metals		<b>2,182,633</b>	1,493,950
Placements with banks and other financial institutions	3	<b>62,296,098</b>	62,017,895
Derivative financial assets	4	<b>7,587,798</b>	11,891,950
Financial assets held under resale agreements	5	<b>112,252,131</b>	122,681,971
Loans and advances to customers	6	<b>2,020,932,355</b>	2,000,620,223
Financial investment			
– Financial assets held for trading	7	<b>118,111,318</b>	167,556,022
– Debt investments	8	<b>533,054,018</b>	457,305,523
– Other debt investments	9	<b>347,510,700</b>	319,739,181
– Investments in other equity instruments	10	<b>4,870,595</b>	2,348,781
Long-term equity investments	11	<b>5,079,000</b>	5,079,000
Fixed assets	12	<b>9,594,983</b>	9,466,842
Construction in progress	13	<b>2,215,370</b>	1,841,662
Intangible assets	14	<b>6,766,705</b>	6,251,512
Right-of-use assets	15	<b>4,840,259</b>	4,939,723
Deferred tax assets	16	<b>16,890,099</b>	17,192,117
Other assets	17	<b>12,968,493</b>	12,283,128
<b>TOTAL ASSETS</b>		<b>3,508,924,909</b>	3,417,651,956

		<b>The Bank</b>	
		<b>31 December 2023</b>	31 December 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Due to central banks		<b>67,015,262</b>	17,804,694
Due to banks and other financial institutions	19	<b>411,193,334</b>	372,589,801
Placements from banks and other financial institutions	20	<b>88,779,817</b>	65,057,041
Financial liabilities held for trading	21	<b>217,308</b>	134,228
Derivative financial liabilities	4	<b>7,227,735</b>	11,270,084
Financial assets sold under repurchase agreements	22	<b>167,722,913</b>	188,581,709
Customer deposits	23	<b>2,181,525,472</b>	2,169,898,457
Employee benefits payable	24	<b>9,258,896</b>	8,342,024
Taxes payable	25	<b>4,995,872</b>	9,070,207
Provisions	26	<b>2,134,578</b>	2,833,091
Lease liabilities	27	<b>4,857,469</b>	4,934,586
Bonds issued	28	<b>276,173,702</b>	291,719,133
Other liabilities	29	<b>11,323,048</b>	13,828,810
<b>Total liabilities</b>		<b>3,232,425,406</b>	3,156,063,865



## Bank Balance Sheet

31 December 2023 Expressed in thousands of Renminbi

		<b>The Bank</b>	
		<b>31 December 2023</b>	31 December 2022
VII			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (continued)</b>			
<b>Shareholders' equity</b>			
Share capital	30	<b>21,789,861</b>	21,789,861
Other equity instruments	31	<b>44,991,071</b>	44,991,071
Capital reserve	32	<b>53,315,958</b>	53,315,958
Other comprehensive income	33	<b>3,526,491</b>	660,087
Surplus reserve	34	<b>17,387,359</b>	15,807,498
General reserve	35	<b>40,464,845</b>	40,464,845
Undistributed profits	36	<b>95,023,918</b>	84,558,771
<b>Total shareholders' equity</b>		<b>276,499,503</b>	261,588,091
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,508,924,909</b>	3,417,651,956

The accompanying notes form an integral part of these financial statements.

## Consolidated Income Statement

Year ended 31 December 2023 Expressed in thousands of Renminbi

		The Group	
		2023	2022
	VII		
Interest income		125,591,865	129,343,905
Interest expenses		(74,523,310)	(73,516,515)
Net interest income	37	51,068,555	55,827,390
Fee and commission income		17,013,171	17,484,703
Fee and commission expenses		(5,158,625)	(5,104,261)
Net fee and commission income	38	11,854,546	12,380,442
Investment income	39	5,553,955	8,534,483
Including: Income from the derecognition of financial assets measured at amortised cost		1,059,419	693,172
Gains/(Losses) arising from changes in fair value	40	878,965	(2,375,608)
Foreign exchange gains	41	212,586	642,016
Other operating income		65,950	63,074
Gains from disposals of assets	42	20,189	28,996
Other income	43	23,562	53,165
<b>Revenue</b>		<b>69,678,308</b>	<b>75,153,958</b>
Taxes and surcharges	44	(915,425)	(937,601)
Operating and administrative expenses	45	(27,108,155)	(26,513,790)
Impairment losses on assets		(22,711,013)	(28,696,348)
Including: Credit impairment losses	46	(22,664,004)	(28,753,167)
Other asset impairment (losses)/reversal		(47,009)	56,819
Other operating expenses		(110)	(1,055)
<b>Operating expenses</b>		<b>(50,734,703)</b>	<b>(56,148,794)</b>
<b>Operating profit</b>		<b>18,943,605</b>	<b>19,005,164</b>
Add: Non-operating income	47	86,054	105,586
Less: Non-operating expenses	47	(238,310)	(21,447)
<b>Profit before income tax</b>		<b>18,791,349</b>	<b>19,089,303</b>
Less: Income tax expenses	48	(2,772,579)	(3,561,049)
<b>Profit for the year</b>		<b>16,018,770</b>	<b>15,528,254</b>
– Attributable to shareholders of the Company		<b>16,018,770</b>	<b>15,528,254</b>
– Minority interests		–	–

## Consolidated Income Statement

Year ended 31 December 2023 Expressed in thousands of Renminbi

		<b>The Group</b>	
		<b>2023</b>	2022
	VII		
Earnings per share			
– Basic and diluted earnings per share (in RMB)		<b>0.64</b>	0.62
Other comprehensive income, net of tax:	33	<b>2,840,745</b>	(2,765,434)
Items that may not be reclassified subsequently to profit or loss		<b>1,952,934</b>	(13,258)
1. Changes in fair value of investments in other equity instruments		<b>1,952,934</b>	(13,258)
Items that may be reclassified subsequently to profit or loss		<b>887,811</b>	(2,752,176)
1. Changes in fair value of other debt investments		<b>758,740</b>	(2,650,733)
2. Provision for credit impairment of other debt investments		<b>(8,735)</b>	165,937
3. Change in fair value of loans and advances to customers measured at fair value through other comprehensive income		<b>244,294</b>	(318,017)
4. Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income		<b>(100,874)</b>	(57,615)
5. Exchange differences on translation of financial statements and others		<b>(5,614)</b>	108,252
<b>Total comprehensive income</b>		<b>18,859,515</b>	12,762,820

The accompanying notes form an integral part of these financial statements.

# Bank Income Statement

Year ended 31 December 2023 Expressed in thousands of Renminbi

		<b>The Bank</b>	
		2023	2022
	VII		
Interest income		<b>125,483,981</b>	129,249,957
Interest expenses		<b>(74,525,329)</b>	(73,521,477)
Net interest income	37	<b>50,958,652</b>	55,728,480
Fee and commission income		<b>16,770,053</b>	17,366,010
Fee and commission expenses		<b>(5,159,536)</b>	(5,263,721)
Net fee and commission income	38	<b>11,610,517</b>	12,102,289
Investment income	39	<b>5,512,118</b>	8,517,383
Including: Income from the derecognition of financial assets measured at amortised cost		<b>1,059,419</b>	693,172
Gains/(Losses) arising from changes in fair value	40	<b>856,161</b>	(2,368,950)
Foreign exchange gains	41	<b>212,590</b>	642,016
Other operating income		<b>65,950</b>	62,672
Gains from disposals of assets	42	<b>20,189</b>	28,996
Other income	43	<b>12,725</b>	30,565
<b>Revenue</b>		<b>69,248,902</b>	74,743,451
Taxes and surcharges	44	<b>(913,721)</b>	(934,768)
Operating and administrative expenses	45	<b>(26,938,891)</b>	(26,337,887)
Impairment losses on assets		<b>(22,711,096)</b>	(28,696,051)
Including: Credit impairment losses	46	<b>(22,664,087)</b>	(28,752,870)
Other asset impairment (losses)/reversal		<b>(47,009)</b>	56,819
Other operating expenses		<b>(110)</b>	(1,055)
<b>Operating expenses</b>		<b>(50,563,818)</b>	(55,969,761)
<b>Operating profit</b>		<b>18,685,084</b>	18,773,690
Add: Non-operating income	47	<b>85,990</b>	105,586
Less: Non-operating expenses	47	<b>(237,189)</b>	(21,422)
<b>Profit before income tax</b>		<b>18,533,885</b>	18,857,854
Less: Income tax expenses	48	<b>(2,735,279)</b>	(3,519,921)
<b>Profit for the year</b>		<b>15,798,606</b>	15,337,933

## Bank Income Statement

Year ended 31 December 2023 Expressed in thousands of Renminbi

		<b>The Bank</b>	
		<b>2023</b>	2022
	VII		
Earnings per share			
– Basic and diluted earnings per share (in RMB)		<b>0.63</b>	0.61
Other comprehensive income, net of tax:	33	<b>2,837,415</b>	(2,765,339)
Items that may not be reclassified subsequently to profit or loss		<b>1,952,934</b>	(13,258)
1. Changes in fair value of investments in other equity instruments		<b>1,952,934</b>	(13,258)
Items that may be reclassified subsequently to profit or loss		<b>884,481</b>	(2,752,081)
1. Changes in fair value of other debt investments		<b>755,708</b>	(2,650,662)
2. Provision for credit impairment of other debt investments		<b>(8,735)</b>	165,937
3. Change in fair value of loans and advances to customers measured at fair value through other comprehensive income		<b>244,294</b>	(318,017)
4. Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income		<b>(100,874)</b>	(57,615)
5. Exchange differences on translation of financial statements and others		<b>(5,912)</b>	108,276
<b>Total comprehensive income</b>		<b>18,636,021</b>	12,572,594

The accompanying notes form an integral part of these financial statements.



## Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 December 2023 Expressed in thousands of Renminbi

	VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Total
1 January 2023		21,789,861	44,991,071	53,315,958	659,992	15,807,498	40,659,845	84,625,155	261,849,380
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	16,018,770	16,018,770
2. Other comprehensive income	33	-	-	-	2,840,745	-	-	-	2,840,745
Total comprehensive income		-	-	-	2,840,745	-	-	16,018,770	18,859,515
3. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,579,861	-	(1,579,861)	-
- Appropriation to general reserve	35	-	-	-	-	-	23,956	(23,956)	-
- Dividends	36	-	-	-	-	-	-	(1,699,609)	(1,699,609)
- Perpetual bond interest	36	-	-	-	-	-	-	(2,025,000)	(2,025,000)
		-	-	-	-	1,579,861	23,956	(5,328,426)	(3,724,609)
4. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings	10	-	-	-	28,989	-	-	(28,989)	-
31 December 2023		21,789,861	44,991,071	53,315,958	3,529,726	17,387,359	40,683,801	95,286,510	276,984,286
	VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Total
1 January 2022		19,687,196	44,991,071	37,050,086	3,425,426	14,273,705	38,099,646	76,973,625	234,500,755
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	15,528,254	15,528,254
2. Other comprehensive income	33	-	-	-	(2,765,434)	-	-	-	(2,765,434)
Total comprehensive income		-	-	-	(2,765,434)	-	-	15,528,254	12,762,820
3. Capital contribution by equity owners		2,102,665	-	16,265,872	-	-	-	-	18,368,537
4. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,533,793	-	(1,533,793)	-
- Appropriation to general reserve	35	-	-	-	-	-	2,560,199	(2,560,199)	-
- Dividends	36	-	-	-	-	-	-	(1,771,515)	(1,771,515)
- Perpetual bond interest	36	-	-	-	-	-	-	(2,025,000)	(2,025,000)
		-	-	-	-	1,533,793	2,560,199	(7,890,507)	(3,796,515)
5. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings		-	-	-	-	-	-	-	-
6. Others	10	-	-	-	-	-	-	13,783	13,783
31 December 2022		21,789,861	44,991,071	53,315,958	659,992	15,807,498	40,659,845	84,625,155	261,849,380

The accompanying notes form an integral part of these financial statements.

## Bank Statement of Changes in Shareholders' Equity

Year ended 31 December 2023 Expressed in thousands of Renminbi

	VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Total
1 January 2023		21,789,861	44,991,071	53,315,958	660,087	15,807,498	40,464,845	84,558,771	261,588,091
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	15,798,606	15,798,606
2. Other comprehensive income	33	-	-	-	2,837,415	-	-	-	2,837,415
Total comprehensive income		-	-	-	2,837,415	-	-	15,798,606	18,636,021
3. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,579,861	-	(1,579,861)	-
- Appropriation to general reserve	35	-	-	-	-	-	-	-	-
- Dividends	36	-	-	-	-	-	-	(1,699,609)	(1,699,609)
- Perpetual bond interest	36	-	-	-	-	-	-	(2,025,000)	(2,025,000)
		-	-	-	-	1,579,861	-	(5,304,470)	(3,724,609)
4. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings	10	-	-	-	28,989	-	-	(28,989)	-
31 December 2023		21,789,861	44,991,071	53,315,958	3,526,491	17,387,359	40,464,845	95,023,918	276,499,503
	VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Undistributed profits	Total
1 January 2022		19,687,196	44,991,071	37,050,086	3,425,426	14,273,705	38,099,646	76,902,562	234,429,692
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	15,337,933	15,337,933
2. Other comprehensive income	33	-	-	-	(2,765,339)	-	-	-	(2,765,339)
Total comprehensive income		-	-	-	(2,765,339)	-	-	15,337,933	12,572,594
3. Capital contribution by equity owners		2,102,665	-	16,265,872	-	-	-	-	18,368,537
4. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,533,793	-	(1,533,793)	-
- Appropriation to general reserve	35	-	-	-	-	-	2,365,199	(2,365,199)	-
- Dividends	36	-	-	-	-	-	-	(1,771,515)	(1,771,515)
- Perpetual bond interest	36	-	-	-	-	-	-	(2,025,000)	(2,025,000)
		-	-	-	-	1,533,793	2,365,199	(7,695,507)	(3,796,515)
5. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings		-	-	-	-	-	-	-	-
6. Others	10	-	-	-	-	-	-	13,783	13,783
31 December 2022		21,789,861	44,991,071	53,315,958	660,087	15,807,498	40,464,845	84,558,771	261,588,091

The accompanying notes form an integral part of these financial statements.

## Consolidated Statement of Cash Flows

Year ended 31 December 2023 Expressed in thousands of Renminbi

	VII	The Group	
		2023	2022
<b>Cash flows from operating activities</b>			
Net increase in placements from banks and other financial institutions and financial assets sold under repurchase agreements		2,417,313	117,870,410
Net increase in customer deposits and amounts due to banks and other financial institutions		41,266,235	–
Net increase in amounts due to central banks		49,146,241	–
Net decrease in amounts due from central banks, and due from banks and other financial institutions		14,055,271	10,029,606
Net decrease in financial assets held for trading		2,844,097	–
Cash received from interest, fee and commission		124,386,929	133,211,042
Cash received relating to other operating activities		184,060	2,475,160
Sub-total of cash inflows		234,300,146	263,586,218
Net decrease in customer deposits and amounts due to banks and other financial institutions		–	(83,656,484)
Net decrease in amounts due to central banks		–	(9,328,000)
Net increase in loans and advances to customers		(42,216,550)	(55,831,895)
Net increase in placements with banks and other financial institutions and financial assets held under resale agreements		(1,203,653)	(19,735,153)
Net increase in financial assets held for trading		–	(33,250,424)
Cash paid for interest, fee and commission		(64,511,773)	(68,389,214)
Cash paid to and on behalf of employees		(15,395,279)	(16,592,664)
Payments of taxes and surcharges		(14,471,044)	(8,962,978)
Cash paid relating to other operating activities		(10,209,545)	(6,499,263)
Sub-total of cash outflows		(148,007,844)	(302,246,075)
<b>Net cash flows from/(used in) operating activities</b>	49	<b>86,292,302</b>	<b>(38,659,857)</b>

## Consolidated Statement of Cash Flows

Year ended 31 December 2023 Expressed in thousands of Renminbi

		The Group	
		2023	2022
	VII		
<b>Cash flows from investing activities</b>			
Cash received from disposals of investments		402,357,319	199,024,737
Cash dividends received		56,980	93,655
Cash received from returns on investments		27,750,630	27,385,923
Net cash received from disposals of fixed assets and other assets		8,919	688,606
<hr/>			
Sub-total of cash inflows		430,173,848	227,192,921
<hr style="border-top: 1px dashed black;"/>			
Cash paid to acquire investments		(453,520,052)	(356,098,167)
Cash paid to acquire fixed assets, intangible assets and other assets		(4,467,204)	(6,292,093)
<hr/>			
Sub-total of cash outflows		(457,987,256)	(362,390,260)
<hr style="border-top: 1px dashed black;"/>			
<b>Net cash flows used in investing activities</b>		<b>(27,813,408)</b>	<b>(135,197,339)</b>
<b>Cash flows from financing activities</b>			
Cash received from capital contributions (Note VII. 30)		-	9,964,719
Cash received from issuance of bonds issued		365,739,960	372,616,972
<hr/>			
Sub-total of cash inflows		365,739,960	382,581,691
<hr style="border-top: 1px dashed black;"/>			
Cash payments for distribution of dividends		(1,699,609)	(1,771,515)
Cash payments for debt		(380,701,206)	(365,549,155)
Interest paid on issuance of bonds issued		(8,275,125)	(7,240,607)
Cash payments for distribution of perpetual bond interest		(2,025,000)	(2,025,000)
Repayment of principal and interest on lease liabilities		(1,760,161)	(1,674,539)
<hr/>			
Sub-total of cash outflows		(394,461,101)	(378,260,816)
<hr style="border-top: 1px dashed black;"/>			
<b>Net cash flows (used in)/from financing activities</b>		<b>(28,721,141)</b>	<b>4,320,875</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>			
		119,240	900,158
<hr/>			
<b>Net increase/(decrease) in cash and cash equivalents</b>	49	<b>29,876,993</b>	<b>(168,636,163)</b>
Add: Cash and cash equivalents at the beginning of the year		179,053,860	347,690,023
<hr/>			
<b>Cash and cash equivalents at the end of the year</b>	49	<b>208,930,853</b>	<b>179,053,860</b>

The accompanying notes form an integral part of these financial statements.

## Bank Statement of Cash Flows

Year ended 31 December 2023 Expressed in thousands of Renminbi

		The Bank	
		2023	2022
VII			
<b>Cash flows from operating activities</b>			
	Net increase in placements from banks and other financial institutions and financial assets sold under repurchase agreements	2,417,313	117,870,410
	Net increase in customer deposits and amounts due to banks and other financial institutions	41,240,709	–
	Net increase in amounts due to central banks	49,146,241	–
	Net decrease in amounts due from central banks, and due from banks and other financial institutions	14,055,271	5,760,501
	Net decrease in financial assets held for trading	2,813,828	–
	Cash received from interest, fee and commission	124,136,230	132,882,603
	Cash received relating to other operating activities	173,159	2,452,158
	Sub-total of cash inflows	233,982,751	258,965,672
	Net decrease in customer deposits and amounts due to banks and other financial institutions	–	(83,634,334)
	Net decrease in amounts due to central banks	–	(9,328,000)
	Net increase in loans and advances to customers	(42,216,550)	(55,831,895)
	Net increase in placements with banks and other financial institutions and financial assets held under resale agreements	(1,203,653)	(19,735,153)
	Net increase in financial assets held for trading	–	(32,960,825)
	Cash paid for interest, fee and commission	(64,514,760)	(68,389,848)
	Cash paid to and on behalf of employees	(15,292,834)	(16,482,403)
	Payments of taxes and surcharges	(14,433,305)	(8,901,541)
	Cash paid relating to other operating activities	(10,214,186)	(6,358,236)
	Sub-total of cash outflows	(147,875,288)	(301,622,235)
	<b>Net cash flows from/(used in) operating activities</b>	<b>86,107,463</b>	<b>(42,656,563)</b>



## Bank Statement of Cash Flows

Year ended 31 December 2023 Expressed in thousands of Renminbi

		The Bank	
		2023	2022
	VII		
<b>Cash flows from investing activities</b>			
Cash received from disposals of investments		401,416,693	193,863,079
Cash dividends received		56,980	93,655
Cash received from returns on investments		27,608,018	27,343,962
Net cash received from disposals of fixed assets and other assets		8,919	688,606
Sub-total of cash inflows		429,090,610	221,989,302
Cash paid to acquire investments		(452,400,052)	(346,417,711)
Cash paid to acquire fixed assets, intangible assets and other assets		(4,447,777)	(6,237,893)
Sub-total of cash outflows		(456,847,829)	(352,655,604)
<b>Net cash flows used in investing activities</b>		(27,757,219)	(130,666,302)
<b>Cash flows from financing activities</b>			
Cash received from capital contributions (Note VII. 30)		-	9,964,719
Cash received from issuance of bonds issued		365,739,960	372,616,972
Sub-total of cash inflows		365,739,960	382,581,691
Cash payments for distribution of dividends		(1,699,609)	(1,771,515)
Cash payments for debt		(380,701,206)	(365,549,155)
Interest paid on issuance of bonds issued		(8,275,125)	(7,240,607)
Cash payments for distribution of perpetual bond interest		(2,025,000)	(2,025,000)
Repayment of principal and interest on lease liabilities		(1,743,159)	(1,658,190)
Sub-total of cash outflows		(394,444,099)	(378,244,467)
<b>Net cash flows (used in)/from financing activities</b>		(28,704,139)	4,337,224
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		119,240	900,158
<b>Net increase/(decrease) in cash and cash equivalents</b>	49	29,765,345	(168,085,483)
Add: Cash and cash equivalents at the beginning of the year		178,823,645	346,909,128
<b>Cash and cash equivalents at the end of the year</b>	49	208,588,990	178,823,645

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## I General information

China Guangfa Bank Co., Ltd. (“the Bank”) (formerly known as Guangdong Develop Bank Co., Ltd) is a joint-stock commercial bank with limited liability incorporated in Guangzhou Municipal of Guangdong Province in the People’s Republic of China (“PRC”) on 8 September 1988 with the approval of the State Council of the PRC and the The People’s Bank Of China (“PBOC”). The Bank is established with special placement, and registered in Guangdong Province Administration for Industry and Commerce to obtain a legal person business license. The registered address is 713 Dongfeng East Road, Yuexiu District, Guangzhou.

With the approval of the former China Banking Regulatory Commission on 27 January 2011, the Bank changed the name to “China Guangfa Bank Co., Ltd”. The Bank obtained an updated financial license on 16 February 2011, and an updated business license for enterprises on 18 February 2011.

As at 31 December 2023, apart from the Head Office, the Bank has 49 direct branches in Beijing, Shanghai, Dalian, Shenyang, Zhengzhou, Nanjing, Hangzhou, Kunming, Guangzhou, Shenzhen, Dongguan, Zhuhai, Shantou, Meizhou, Huizhou, Shaoguan, Qingyuan, Zhongshan, Foshan, Jiangmen, Zhaoqing, Yangjiang, Zhanjiang, Wuhan, Maoming, Heyuan, Changsha, Tianjin, Harbin, Jinan, Urumqi, Chengdu, Fuzhou, Ningbo, Suzhou, Hefei, Chongqing, Xi’an, Shijiazhuang, Nanchang, Nanning, Taiyuan, Changchun, Guiyang, Qingdao, Haikou, Huhehaote, Macau Special Administration Region of the People’s Republic of China (“Macau”) and Hong Kong Special Administration Region of the People’s Republic of China (“Hong Kong”) respectively.

The Bank’s principal activities are the provision of corporate and retail deposits, loans and advance, settlement treasure and other financial services. The Bank mainly operates in Mainland China, Macau and Hong Kong.

For the purpose of the Financial Information, Mainland China refers to the PRC excluding Hong Kong, Macau and Taiwan. Overseas refers to countries and regions other than Mainland China.

As at 31 December 2023, the Bank has 1 subsidiary in total. “The Group” includes China Guangfa Bank Co., Ltd., GuangYin Wealth Management Co., Ltd and structured entities controlled by the Bank.

Subsidiaries included in the scope of consolidation are listed in Note IX.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## II Basis of preparation of the financial statement

The financial statements have been prepared in accordance with *Accounting Standards for Business Enterprises – Basic* and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the “MOF”) (collectively referred to as the “ASBEs”).

The Consolidated and the Bank’s financial statements have been prepared under the historical costs convention except for other debt investments, other equity investments and financial assets/liabilities held for trading (including derivative financial instrument) and that have been measured at fair value. If an asset is impaired, a provision for impairment loss of the asset is recognised in accordance with the relevant requirements.

The financial statements have been prepared on a going concern basis.

## III Statement of compliance with accounting standards for business enterprises

The financial statements comply with the requirements of ASBEs and present truly and completely the financial position of The Consolidated and the Bank as at 31 December 2023 and the financial performance and cash flows of the The Consolidated and the Bank for the year then ended.

## IV Summary of principal accounting policies

### 1 Accounting year

The accounting year of the Group is from 1 January to 31 December.

### 2 Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Group’s domestic subsidiaries operate. Therefore, the Group’s domestic subsidiaries choose RMB as their functional currency. The Group’s foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. The Group adopts RMB to prepare its financial statements.

## IV Summary of principal accounting policies (continued)

### 3 Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

#### ***Business combinations involving entities under common control***

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Expenses directly related to the business combination are recognized in profit or loss when incurred. The transaction costs of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

#### ***Business combinations not involving entities under common control***

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 3 Business combinations (continued)

#### *Business combinations not involving entities under common control (continued)*

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognised and measured at cost, being the excess of the cost of the combination over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If after that reassessment, the cost of the combination is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognises the remaining difference in profit or loss. Expenses directly related to the business combination are recognized in profit or loss when incurred. The transaction costs of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

### 4 Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Bank and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Bank (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Bank). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Bank, necessary adjustments are made to the subsidiary's financial statements based on the Bank's own accounting policies or accounting period in preparing the consolidated financial statements.



## IV Summary of principal accounting policies (continued)

### 4 Consolidated financial statements (continued)

All significant intra-group balances, transactions and unrealised profits are eliminated in preparing the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' profit or loss for the year and comprehensive income for the period not attributable to the Bank are recognised as minority interests, profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under owners' equity, profit for the year and total comprehensive income respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of minority interests. Unrealised profits and losses resulting from the sale of assets by the Bank to its subsidiaries are fully eliminated against profit for the year attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Bank are eliminated and allocated between profit for the year attributable to owners of the parent company and profit or loss attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between profit for the year attributable to owners of the parent and profit or loss attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 5 Cash and cash equivalents

Cash and cash equivalents refer to short-term, highly liquid monetary assets held by the Group that are readily convertible to known amounts of cash and have little risk of changes in value, including cash, unrestricted deposits with central banks, short-term bond investments with an original maturity of less than three months, deposits with banks and other financial institutions, placements with banks and non-bank financial institutions and financial assets held under resale agreements.

### 6 Foreign currency translation

The Group translates foreign currency transactions into its functional currency.

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi as at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of transactions. A rate that approximates the spot exchange rate is determined by a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate as at the date the fair value is determined; Translation differences on non-monetary financial assets classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income. Other translation differences are recognised to profit or loss in the period.

Foreign currency financial statements of overseas branch are translated into Renminbi for the preparation of financial statements. Assets and liabilities in the financial statements denominated in foreign currencies are translated into Renminbi at the spot exchange rates ruling as at the end of the relevant periods. Equity items, excluding “undistributed profits”, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated into Renminbi at the spot exchange rates or rates that approximate the spot exchange rates at the transaction dates. The resulting exchange differences are recognised in other comprehensive income. The exchange differences in equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

## IV Summary of principal accounting policies (continued)

### 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.

#### ***Recognition and derecognition***

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

- (1) the rights to receive cash flows from the financial asset have expired; or
- (2) the Group has transferred the financial asset; and has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) has transferred substantially all the risks and rewards of the financial asset; or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability has been discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Classification and measurement of financial assets*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

Equity investments are those classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are listed as "financial assets held for trading" and "investments in other equity instruments". The debt investments, which are classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss based on its business model, cash flow characteristics as well as taking into account fair value options at the time of purchase, are listed as "debt investment", "other debt investment" and "financial assets held for trading".

Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Bank has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

At initial recognition, the Group may designate financial assets as financial assets at fair value through profit or loss if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Determination of fair value of financial instruments*

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

#### *Business models*

The Group's business model refers to how the Bank 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. If financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the business model of the financial assets is "other". The Group's assessment of the business model is performed on a financial assets portfolio basis, and determined on a reasonable expected scenario, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel; how risks are evaluated and managed; and how managers of the business are compensated.

#### *Contractual cash flows characteristics*

The assessments of the contractual cash flow characteristics aims to identify whether the contractual cash flow is only for the payment of principal and the interest of the outstanding amount. If financial assets are held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group then assess whether the asset's cash flows are solely payments of principal and interest. And during the assessments, the Group will consider if the contractual cash flow is consistent with basic lending arrangements, whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. If the terms of the contracts raise risks or volatility exposures that are inconsistent with the basic lending arrangements, the relevant financial assets will be classified as financial assets at fair value through profit or loss.

Financial assets containing embedded derivatives shall be analysed as a whole when determining whether contractual cash flows are solely payments of principal and interest.



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Contractual cash flows characteristics (continued)*

The subsequent measurement of financial assets depends on the classification:

##### *Debt investments measured at amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### *Debt investments at fair value through other comprehensive income*

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

##### *Equity investments at fair value through other comprehensive income*

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

##### *Financial assets at fair value through profit or loss*

The financial assets other than the above financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss.

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Classification and measurement of financial liabilities*

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

Financial liabilities are designated as financial liabilities at fair value through profit or loss upon initial recognition when:

- (i) the designation can eliminate or significantly reduce inconsistencies in the recognition or measurement of related gains or losses arising from different measurement bases of financial instruments; or
- (ii) the formal written file of the Group's risk management or investment strategy have clearly stated that the financial instruments, are managed, evaluated and reported to key management personnel on the basis of fair value; or
- (iii) financial liabilities contain one or more embedded derivatives, unless the embedded derivative does not significantly change the cash flows of the hybrid instrument or it is apparent that the embedded derivative should not be separated from the related hybrid instrument.

It is designated as financial liabilities held for trading at initial recognition and cannot be reclassified into other types of financial liabilities subsequently; Other types of financial liabilities cannot be reclassified as financial liabilities held for trading.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Classification and measurement of financial liabilities (continued)*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at fair value through profit or loss*

The financial liabilities are measured at fair value, and all gains or losses arising therefrom are included in the current profits and losses. Unless the financial liabilities are designated as financial liabilities measured at fair value with changes included in the current profits and losses, the gains or losses arising from the financial liabilities shall be treated in accordance with the following provisions:

- (i) The amount of changes in the fair value of the financial liabilities arising from changes in the Group's own credit risk shall be included in other comprehensive income;
- (ii) Other changes in the fair value of the financial liabilities are included in profit and loss.

When the financial liabilities is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

#### *Financial liabilities measured at amortised cost*

After initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Impairment of financial instruments*

The Group assesses expected credit losses based on forward-looking information. The Group recognises an allowance for ECLs for the financial assets measured at amortised cost, debt investments at fair value through other comprehensive income, loan commitments and financial guarantee contracts.

The Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate.

At each balance sheet date, the Group assesses whether the credit risk on the relevant financial instruments has increased significantly since initial recognition. The Group compares the risk of a default occurring as at the balance sheet date with the risk of a default as at the date of initial recognition, to determine changes in the risk of a default occurring of the financial instrument in the expected lifetime.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current balance sheet date that the financial instrument no longer meets the condition that the credit risk has increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month ECL at the current balance sheet date. Reversal of loss allowance therefrom shall be recognised in profit or loss for the current period, as impairment gains, except for purchased or originated credit-impaired financial assets. At the current balance sheet date, the Group shall only recognise the cumulative changes in lifetime ECL since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

Refer to Note XVI.2 for the disclosure of the Group's assumption about the measurement of ECLs.

When there are one or more events that have adverse effects on the expected future cash flows of a financial asset, the financial asset is credit-impaired.

When the Group no longer reasonably expects to collect all or part of the contractual cash flows of the financial asset, the Group directly writes down the carrying amount of the financial asset.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Modification of financial assets*

If the Group amends or rearranges the contract with its counterparty, which does not result in the derecognition of the financial assets, but changes the cash flow of the contract, the Group shall evaluate whether the credit risk of the relevant financial instrument has increased significantly by comparing the risk of default of such assets after modification at the balance sheet date with the risk of default under the original terms at initial recognition. The gross carrying amount of the financial asset is recalculated and the related gain or loss is recognised in profit or loss for the current period. The gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate.

#### *Offsetting of financial instruments*

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset against each other. However, financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### *Loan commitments and Financial guarantees contracts*

The impairment allowance of loan commitments provided by the Group is measured by ECL. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. For financial guarantee contracts that are not designated as financial liabilities at fair value profit or loss, they are, after initial recognition, subsequently measured at the higher of: (i) the amount of provisions for ECLs at the balance sheet date, and (ii) the amount initially recognised less the cumulative amortisation recognised in accordance with the guidance for revenue recognition.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined allowance for ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.



## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair value is obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow analysis and option pricing models, as appropriate. Credit risk valuation adjustments are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group respectively. They are dependent on expected future values of exposures for each counterparty and default probabilities, etc. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profit or loss on the date of transaction.

For derivatives not related to hedge accounting, changes in the fair value of these derivatives are recognised in the income statement.

#### *Transfer of financial assets*

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 7 Financial instruments (continued)

#### *Reverse repurchase and repurchase transactions*

Assets sold under agreements to repurchase at a specified future date (“repos”) are not derecognised from the the balance sheet. The corresponding cash received is recognised on the the balance sheet as a “repurchase agreement”. The difference between the sale and repurchase prices is treated as an interest expenses and is accrued over the life of the agreement using the effective interest rate method.

Conversely, assets purchased under agreements to resell at a specified future date (“reverse repos”) are not recognised on the the balance sheet. The corresponding cash paid, including accrued interest, is recognised on the the balance sheet as a “reverse repurchase agreement”. The difference between the purchase and resale prices is treated as an interest income and is accrued over the life of the agreement using the effective interest rate method.

### 8 Precious metals

Precious metals mainly include gold.

Precious metals that are not related to the Group’s precious metal trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. The Group’s precious metals held for trading are initially and subsequently measured at fair value and changes in fair value are recorded in profit or loss for the current period.

### 9 Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, measured at its initial investment cost on acquisition.

#### *Subsidiaries*

For a long-term equity investment where the Group can exercise control over the investee, the long-term investment is accounted for using the cost method in the Group’s individual financial statements. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

## IV Summary of principal accounting policies (continued)

### 9 Long-term equity investments (continued)

#### *Subsidiaries (continued)*

Upon disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss.

For the impairment test and calculation of impairment of long-term equity investment, please refer to Note IV. 16.

### 10 Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably.

Fixed assets are initially measured at cost, by taking into account the effect of any asset retirement obligations. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. Fixed assets are presented at historical cost less accumulated depreciation and impairment provision.

Subsequent expenditures related to fixed assets that meet the recognition conditions shall be included in the cost of fixed assets and the book value of the replaced part shall be derecognized; Otherwise, it is recognized in profit or loss when it occurs.

Depreciation is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of the fixed assets are as follows:

<b>Types of assets</b>	<b>Useful life</b>	<b>Estimated residual value rate</b>	<b>Annual depreciation rate</b>
Properties and buildings	30 – 35 years	3% – 5%	2.7% – 3.2%
Computers and electronic equipment	5 years	3% – 5%	19% – 19.4%
Transportation and other equipments	5 years	3% – 5%	19% – 19.4%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and make adjustments if necessary.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 10 Fixed assets (continued)

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

For the impairment test and calculation of impairment of fixed assets, please refer to Note IV. 16.

### 11 Construction in progress

Construction in progress comprises the actual costs of construction. These costs comprise various direct construction costs during the period of construction and other related expenditures. When an asset under construction is ready for its intended use, it is reclassified to fixed assets, intangible assets or other assets, and depreciation or amortization is provided for according to corresponding policies. Construction in progress is not depreciated until the construction is completed and the asset is ready for its intended use. If the recoverable amount of construction in progress is less than its carrying amount, the carrying amount of construction in progress is reduced to its recoverable amount.

### 12 Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Group.

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, if the fair value of intangible assets acquired in a business combination can be measured reliably, they are separately recognized as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives for such intangible assets are as follows:

Types of assets	Useful life	Amortization rate
Land use rights	30 – 50 years	2.00%-3.33%
Computer software	5 years	20%
Others	5 years	20%

## IV Summary of principal accounting policies (continued)

### 12 Intangible assets (continued)

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights are accounted for as fixed assets and intangible assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; they are accounted for as fixed assets if they cannot be reasonably allocated.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least at each year end and makes adjustment if necessary.

An intangible asset with an indefinite useful life is tested for impairment annually, irrespective of whether there is any indication that it may be impaired. Such asset is not amortised, but its useful life is reassessed in each accounting period. If there is evidence indicating that the useful life of the intangible asset is finite, it is accounted for using the above accounting policies applicable to intangible assets with finite useful lives.

### 13 Research and development expenditure

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred.

Expenditure on the development phase is capitalised only when the Bank can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits (among other things, the Bank can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognised in profit or loss when incurred.

### 14 Long-term deferred expenses

Long-term deferred expenses include the expenditure for improvements to fixed assets held under leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term deferred expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation. If long-term deferred expenses are no longer expected to generate economic benefits to the Group in the future, they shall be recognised as expenses in the income statement of the current period.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 15 Repossessed assets

Financial repossessed assets are initially recognised at fair value. Relevant transaction fees such as tax fees and advance litigation fees payable for obtaining repossessed assets are taken into the profit or loss or initial carrying amount according to the type of financial asset. Non-financial repossessed assets are initially recognised at fair value of the waived claims. Relevant transaction fees such as tax fees and advance litigation fees payable for obtaining repossessed assets are taken into the initial carrying amount of the repossessed assets. At the end of each year, when there are indicators that the recoverable amount is lower than carrying amount, the carrying amount is written down immediately to its recoverable amount.

Impairment losses on non-financial repossessed assets are accounted for in accordance with the accounting policies as set out in Note IV. 16.

### 16 Impairment of assets

The Group determines the impairment of assets, other than the impairment of deferred tax assets and financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.



## IV Summary of principal accounting policies (continued)

### 17 Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also employee benefits.

#### ***Short-term employee benefits***

Short-term employee benefits include wages and salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

#### ***Post-employment benefits (defined contribution plans)***

##### *Statutory defined contribution plans*

In accordance with the relevant laws and regulations, the employees of the Group participate in basic pension insurance and unemployment insurance schemes administered by the local government authorities. The Group calculates and contributes to the local government agencies the above pension and insurance schemes using applicable contribution bases and rates stipulated in the relevant local regulations in the period the employees providing their services to the Group. Contributions to these plans are recognised in the income statement or the cost of relevant assets as incurred.

##### *Retirement benefit annuity plan*

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution 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 contribution is charged to the income statement or recognised in the cost of relevant assets when it incurs. 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. For overseas branches, the Annuity Plan is implemented in accordance with local laws and regulations.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 17 Employee benefits (continued)

#### *Post-employment benefits (defined contribution plans) (continued)*

##### *Termination benefits*

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

##### *Early retirement benefits*

The Group pays early retirement benefits to those employees who accepted an early retirement arrangement. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date. The liability related to the early retirement benefit obligations as at each balance sheet date is calculated by the Group using the projected unit credit method and is recorded as a liability under "Employee benefits obligations" in the the balance sheet. The present value of the liability is determined by discounting the estimated future cash outflows using interest rates of RMB treasury bonds which have terms to maturity approximating the terms of the related liability. The actuarial gains or losses of early retirement benefit obligations and the gains or losses arising from amendments to the obligations are recognised immediately in "Operating and administrative expenses" in the income statement.

## IV Summary of principal accounting policies (continued)

### 18 Provisions

An obligation related to a contingency shall be recognised as provisions when all of the following conditions are satisfied:

- (i) The obligation is a present obligation of the Group;
- (ii) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (iii) 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, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed at each balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

Loss provision for financial guarantee contracts and provision for loan commitments which are recognised on the basis of ECL are presented as provisions.

### 19 Dividend

Dividends are recognised as a liability and deducted from equity when they are approved by the General Meeting and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Group. Dividends that are approved after the end of the year are disclosed as an event after the year.

### 20 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 20 Recognition of income and expenses (continued)

#### *Interest income and expenses*

The “Interest income” and “Interest expense” in the Group’s income statement are the interest income and expense calculated by using the effective interest method on financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial liabilities at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

For the purchased or originated credit-impaired financial assets, the Group calculates the interest income according to the amortised cost of the financial assets and the effective interest rate after credit adjustment since the initial recognition by the Group. The effective interest rate after credit adjustment refers to the estimated future cash flows of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortised cost of the financial assets.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.

#### *Fee and commission income*

Fee and commission income is recognised when the Group fulfils the contract performance obligation, namely at a point in time or in the period of time the customer obtains the control over relevant services.

For a contract obligation at a point in time, the Group recognises the revenue when a customer is in control of the underlying services. For a contract obligation satisfied over time, the Group recognises the revenue based on the progress of the obligation fulfilment within that period of time.

## IV Summary of principal accounting policies (continued)

### 20 Recognition of income and expenses (continued)

#### *Contract assets and contract liabilities*

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet.

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

### 21 Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government.

Government grants are recognised when all attaching conditions will be complied with and the grants will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount. A government grant related to income is accounted for as follows: (1) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognised; (2) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses. A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognised as deferred income and amortised in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognised directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 22 Deferred tax

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) When the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, when 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, the carry forward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

- (i) When the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of the deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised 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 in the future.

At the balance sheet date, deferred tax assets and 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, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the group expects, at the balance sheet date, to recover the assets or settle the liabilities.



## IV Summary of principal accounting policies (continued)

### 22 Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 23 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses at contract inception 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 an identified asset for a period of time in exchange for consideration.

#### *The Group as the lessee*

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 23 Leases (continued)

#### *The Group as the lessee (continued)*

##### *Right-of-use assets*

At the commencement date of the lease, the Group recognises a right-of-use asset. Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Group remeasures the lease liability for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Impairment losses on right-of-use assets are accounted for in accordance with the accounting policies as set out in Note IV. 16.

##### *Lease liabilities*

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

## IV Summary of principal accounting policies (continued)

### 23 Leases (continued)

#### *The Group as the lessee (continued)*

##### *Lease liabilities (continued)*

After the commencement date of the lease, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the Group remeasures the lease liability at the present value of revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

##### *Lease modification*

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes are accounted for by applying the practical expedient allowed by the Ministry of Finance. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

##### *Short-term leases and leases of low-value assets*

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 23 Leases (continued)

#### *The Group as the lessor*

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

#### *As lessor of an operating lease*

Rental income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

### 24 Fiduciary activities

Generally, the Group acts as agent, custodian or in any other fiduciary capacity to manage assets on behalf of the customer based on the agent agreements entered into with securities investment funds, wealth management products, insurance companies, trust companies, eligible overseas institutional investors, securities companies and other institutions. The Group provides services and charges fees only based on the agent agreement, but does not assume any risk or interest arising from the assets it manages on behalf of the customer. Such assets are not recognised in the balance sheet of the Group.

The Group also runs entrusted loan business. According to the entrusted loan contract, as the intermediary, the Group grants loans to the borrowers based on the targeted borrowers, purpose, amounts, interest rate and repayment plans determined by the trustor. The Group is responsible for arranging and collecting the entrusted loans, and charges fees for the services it provides, but does not assume any risk or interest arising from the entrusted loans. The entrusted loans and entrusted loan funds are not recognised in the balance sheet of the Group.

Entrusted investments represent the investment and asset management services provided by the Group to third parties in accordance with the agreed investment plans. The third parties provide funding for the related investments. Income from such investment activities is collected on behalf of and paid to the third parties according to the relevant contractual terms.

## IV Summary of principal accounting policies (continued)

### 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. 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. Instead of recognising such obligations, the Group only discloses commitments in Note XII to the financial statements. The Group will recognise them in provisions if they meet the recognition criteria for provisions.

### 26 Related party

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

The following parties are the related parties of the Bank:

- (1) Parent of the Bank;
- (2) Subsidiaries of the Bank;
- (3) Other entities controlled by the parent of the Bank;
- (4) Entities that have joint control over the Bank;
- (5) Entities that have significant influence over the Bank;
- (6) Joint ventures of the Group;
- (7) Associates of the Group;
- (8) Principal individual investors of the Bank and close family members of such individuals;
- (9) Key management personnel of the Bank or of the parent and close family members of such individuals;

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## IV Summary of principal accounting policies (continued)

### 26 Related party (continued)

- (10) Other entities controlled, jointly controlled or significantly influenced by the Bank's principal individual investors, key management personnel or close family members of such individuals;
- (11) Joint ventures or associates of other members of enterprise groups (including parent companies and subsidiaries) of the Bank;
- (12) Joint ventures or associates of enterprises who has control over of the Bank;
- (13) Joint ventures of an enterprise exerting significant influence over the Bank;
- (14) Enterprise pension funds established by the Bank.

Entities are not regarded as related parties simply because they are merely under common control from the State without other related party relationships between them.

### 27 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and are similar in respect of the nature of each segment's products and services, the nature of productive process, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified and disclosed based on operating segment with consideration of materiality.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the financial statements.

### 28 Changes in accounting policies and accounting estimates

Accounting Standards for Business Enterprises Interpretation No. 16 ("Interpretation No. 16") issued by the Ministry of Finance in 2022 states that where a single transaction is not a business combination and affects neither accounting profit nor taxable profit (or tax loss), and equal taxable and deductible temporary differences may arise on initial recognition of the asset and liability in such transaction, the exemption from initial recognition of deferred tax is not applicable, which shall come into force as of 1 January 2023. The Group applies it since 1 January 2023. Deferred tax liabilities and deferred tax assets are recognized for taxable temporary differences and deductible temporary differences arising from right-of-use assets and lease liabilities involved in individual transactions. The implementation of the above interpretation has no significant impact on the consolidated financial statements of the Group.



## V Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 1 Critical judgements in applying the accounting policies

#### (1) *Classification of financial assets*

Significant judgements made by the Group in the classification of financial assets include analysis on business models and contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of different groups, and factors to be considered include the methods of evaluation on financial asset performance and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and management methods for such risks, the ways in which related business management personnel are remunerated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as early repayment; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

#### (2) *Criteria for judging significant increases in credit risk*

Judgement of the Group for significant increase in credit risk is mainly based on whether it is overdue due to deterioration of credit risk, or whether one or more of the following conditions are met: the debtor is classified into Special Mention category in five-tier loan classification, the debtor has a restructuring of performing loans, or the debtor's probability of default has increased significantly since the initial recognition date and it is currently up against a lower internal rating, etc.

Judgement of the Group on the occurred credit impairment is mainly based on whether the number of overdue days exceeds 90 days (i.e., a default has occurred), or whether one or more of the following conditions are met: the debtor is classified into Substandard in five-tier loan classification, or the debtor is classified into default category in internal rating, etc.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## V Critical accounting estimates and judgements (continued)

### 2 Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

#### (1) *Measurement of ECL*

The Group calculates ECL through exposure at default and ECL rates, and determines the ECL rates based on probability of default and loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information. Please refer to Note XV. 2 “Credit risk”.

#### (2) *Fair value of financial instruments*

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of prices of recent transactions or similar financial instruments, discounted cash flow analysis and generally accepted pricing models, etc. Models for the valuation of fair value use actual market observable inputs and data, such as interest yield curves, foreign exchange rates and option volatilities. When market observable inputs are not available, the Group uses calibrated assumptions as close as possible to market observable data. Besides, management is required to make estimates of the Group’s and counterparties’ exposure to credit risk, liquidity, market volatility and correlation, and changes in these assumptions may affect the fair value of financial instruments.

#### (3) *Consolidation of structured entities*

When acting as the asset manager or an investor of a structured entity, the Group needs to make significant judgements on whether to take control over the structured entity and include it into the consolidation scope. The Group evaluates its contractual rights and obligations under the transaction structure as well as its rights over the structured entities, and performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned and residual income retained by the Group as the asset manager, and, if any, liquidity and other support provided to the structured entities. Besides, the Group performs judgement on whether it acts as a principal or an agent in structured entity transactions, including analysis and evaluation on the scope of its decision-making rights over the structured entities, rewards for its asset management services, risks assumed for the variable returns from other interests in the structured entities, and substantial rights held by other engaged parties.

## V Critical accounting estimates and judgements (continued)

### 2 Critical accounting estimates and key assumptions (continued)

#### (4) *Income taxes and deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

#### (5) *Derecognition of transfer of financial assets*

During the ordinary course of business, the Group transfers financial assets in the form of regular transaction, asset securitisation, repurchase agreements and securities lending. Significant judgements and estimates are required from the Group when determining whether the financial assets transferred can be fully or partly derecognised.

Where the Group transfers financial assets to special purpose entities through structured transactions, it is required to analyse and evaluate whether the relationship between the Group and the special purpose entities essentially indicates a control over the special purpose entities, so as to determine the necessity of consolidation. The derecognition analysis at the level of the consolidated entity or at the level of an individual entity that transfers out financial assets depends on the judgement on whether to perform consolidation.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## V Critical accounting estimates and judgements (continued)

### 2 Critical accounting estimates and key assumptions (continued)

#### (5) Derecognition of transfer of financial assets (continued)

The Group needs to analyse its rights and obligations in contractual cash flows related to the transfer of a financial asset, and determines whether they are qualified for derecognition based on the following judgements:

- Whether the rights for receiving contractual cash flows are transferred; or whether the contractual cash flows are transferred to an independent third party in accordance with the “pass-through” requirements.
- Evaluation on the transfer extent on the risks and rewards of ownership of the financial asset. The Group applies critical accounting estimates and judgements when estimating the cash flows before and after the transfer and other factors affecting the transfer extent on the risks and rewards.
- If the Group neither transfers nor retains almost all risks and rewards of ownership of the financial asset, it will continue to analyse and evaluate whether to transfer its control over the financial asset, and whether to maintain the continuing involvement in the transferred financial asset. When evaluating whether to transfer its control over a financial asset, the Group performs analysis on whether the transferee has the essential ability to sell the asset transferred, which means whether the transferee is able to sell the asset to a non-related third party as a whole on condition that the transferee can implement this capability unilaterally without any additional restriction. If the Group has transferred the control over the financial asset, the financial asset shall be derecognised, and the relevant assets or liabilities will be recognised based on the rights and obligations incurred from the transfer of the financial asset. If the Group has not transferred the control over the financial asset, the Group will continue to recognise the relevant financial asset to the extent of its continuing involvement in the transferred asset.

#### (6) Provisions

The Group uses judgement to assess whether the Group has a present legal or constructive obligation as a result of past event at each balance sheet date and judgement is used to determine if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and to determine a reliable estimate of the amount of the obligation and relevant disclosure in the financial statements.

## VI Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax rate	Tax base
Enterprise Income tax (i)	25%	Taxable income
Value-added tax ("VAT") (ii)	6%/9%/13%	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)
City maintenance and construction tax (iii)	1%/5%/7%	The payment amount of turnover tax
Education surcharge (iv)	3%	The payment amount of turnover tax
Local education surcharge (iv)	2%	The payment amount of turnover tax

- (i) Pursuant to the Enterprise Income Tax Law of the People's Republic of China, enterprise income tax for domestic operations of the Group is calculated at 25% based on the taxable income.

Enterprise income taxes for the overseas operations of the Group are paid to local authorities at the local rates. The shortfall arising from the differential in income tax rates of overseas operations and domestic operations shall be reported and paid by the PRC head office based on relevant tax law.

Pre-tax deduction items of enterprise income tax are governed by the relevant regulations of the PRC.

- (ii) Revenue from loan service, direct charge of financial services, insurance service, financial product transfer of the Group is subject to VAT at the rate of 6%.

According to the Circular on Value-added Tax Policies on Finance, Real Estate Development and Education Services (Cai Shui [2016] No. 140), Supplementary Notice on Issues Concerning the VAT on Asset Management Products (Cai Shui [2017] No. 2) and Notice on Issues Concerning the VAT on Asset Management Products (Cai Shui [2017] No. 56) issued by the Ministry of Finance and the State Taxation Administration, VAT taxable activities by manager of asset management products ("AMPs") occurred in the operation of asset management products are subject to VAT levied at a rate of 3% by simple approach since 1 January 2018 (inclusive).

The Group's related interest income, fee and commission income, revenue from financial product transfer and insurance service are presented on a net basis after deducting applicable VAT.

- (iii) The Group's domestic subsidiaries pay city maintenance and construction tax at 1%, 5% or 7% of the payment of VAT.
- (iv) The Group's domestic subsidiaries pay educational surcharge and local education surcharge at 3% and 2% of the payment of VAT respectively.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements

### 1 Cash and due from central banks

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Cash on hand	<b>3,014,310</b>	3,237,716
Statutory deposit reserves due from central banks (i)	<b>148,761,645</b>	162,751,767
Surplus deposit reserves due from central banks (ii)	<b>80,033,437</b>	35,704,489
Fiscal deposits due from central banks	<b>111,105</b>	133,474
Sub-total	<b>231,920,497</b>	201,827,446
Accrued interest	<b>76,511</b>	84,199
Total	<b>231,997,008</b>	201,911,645

- (i) The Group and the Bank place statutory deposit reserves at the PBOC, the Monetary Authority of Hong Kong and the Monetary Authority of Macau. Pursuant to relevant laws and regulations, the statutory deposit reserves are not available for the Group's and the Bank's daily business.

As at each balance sheet date, the statutory deposit reserve ratios were as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Reserve ratio for Renminbi deposits	<b>7.00%</b>	7.50%
Reserve ratio for foreign currency deposits	<b>4.00%</b>	6.00%
Reserve ratio for Renminbi deposits outside the Chinese mainland	<b>7.00%</b>	7.50%

The amount of statutory deposit reserve funds placed with the Monetary Authority of Hong Kong and Macau by Hong Kong and Macau branch is determined by the local jurisdiction.

- (ii) The surplus deposit reserves refer to the funds placed at the PBOC for the purposes of clearing.



## VII Notes to the financial statements (continued)

### 2 Due from banks and other financial institutions

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Banks operating in the Chinese mainland	<b>4,443,954</b>	5,699,657
Other financial institutions operating in the Chinese mainland	<b>1,841,229</b>	962,605
Banks operating outside the Chinese mainland	<b>3,833,014</b>	6,599,850
Other financial institutions operating outside the Chinese mainland	–	338
Sub-total	<b>10,118,197</b>	13,262,450
Accrued interest	<b>715</b>	798
Total	<b>10,118,912</b>	13,263,248
Less: Provision for ECL (Note VII. 18)	<b>(1,358)</b>	(2,100)
Carrying amount	<b>10,117,554</b>	13,261,148

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Banks operating in the Chinese mainland	<b>4,102,091</b>	5,469,442
Other financial institutions operating in the Chinese mainland	<b>1,841,229</b>	962,605
Banks operating outside the Chinese mainland	<b>3,833,013</b>	6,599,850
Other financial institutions operating outside the Chinese mainland	–	338
Sub-total	<b>9,776,333</b>	13,032,235
Accrued interest	<b>306</b>	669
Total	<b>9,776,639</b>	13,032,904
Less: Provision for ECL (Note VII. 18)	<b>(1,293)</b>	(2,073)
Carrying amount	<b>9,775,346</b>	13,030,831

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 3 Placements with banks and other financial institutions

	The Group and the Bank	
	31 December 2023	31 December 2022
Banks operating in the Chinese mainland	920,753	3,237,277
Other financial institutions operating in the Chinese mainland	61,279,000	58,828,681
Banks operating outside the Chinese mainland	460,376	69,646
Sub-total	62,660,129	62,135,604
Accrued interest	215,694	434,201
Total	62,875,823	62,569,805
Less: Provision for ECL (Note VII. 18)	(579,725)	(551,910)
Carrying amount	62,296,098	62,017,895

### 4 Derivative financial assets and derivative financial liabilities

The Group enters into derivative financial instruments related to exchange rate, interest rate and precious metal for the purpose of trading, asset and liability management and handling on behalf of customers.

The contractual/nominal amounts and fair value of the derivative financial instruments held by the Group at the balance sheet date are presented in the table below. The contractual/nominal amounts of the derivative financial instruments only work as basis for comparing the fair value of assets or liabilities recognised in the balance sheet, not for the purpose of representing the future cash flows or current fair value involved, and therefore do not reflect the credit risk or market risk assumed by the Group. With the fluctuation of the market interest rate, foreign exchange rate or precious metal price related to derivative financial instrument contract terms, the valuation of derivative financial instruments may cast favourable (for assets) or adverse (for liabilities) effects on the Group, and such effects may fluctuate heavily in different periods.

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such a mutual consent, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. The Group does not offset such financial assets or financial liabilities. As at 31 December 2023 and 31 December 2022, other than derivative financial instruments, the Group had no other financial assets or financial liabilities to which netting arrangements or similar agreements apply.

## VII Notes to the financial statements (continued)

### 4 Derivative financial assets and derivative financial liabilities (continued)

#### (1) Analysed by type of derivative contracts

	The Group and the Bank		
	31 December 2023		
	Nominal amounts	Fair value	
Assets		Liabilities	
<i>Derivative financial instruments held for trading</i>			
Foreign exchange derivatives	346,619,120	2,289,923	(1,991,058)
Interest rate derivatives	1,464,039,241	4,572,205	(4,690,515)
Other derivatives	84,846,160	725,670	(546,162)
Total	1,895,504,521	7,587,798	(7,227,735)

	The Group and the Bank		
	31 December 2022		
	Nominal amounts	Fair value	
Assets		Liabilities	
<i>Derivative financial instruments held for trading</i>			
Foreign exchange derivatives	379,121,988	4,854,424	(4,603,351)
Interest rate derivatives	1,661,618,000	5,829,541	(5,906,219)
Other derivatives	88,633,850	1,207,985	(760,514)
Total	2,129,373,838	11,891,950	(11,270,084)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 4 Derivative financial assets and derivative financial liabilities (continued)

#### (2) Analysed by the credit risk-weighted assets of counterparty

The nominal amounts of the derivative financial instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk. The credit risk-weighted amount depends on the status of the counterparty and the maturity characteristics of the instrument. The amounts have taken into account the effects of bilateral netting arrangements.

Counterparty credit risk-weighted amounts are determined in accordance with the *Regulation Governing Capital of Commercial Banks (Provisional)*, covering default risk-weighted assets of counterparties and credit valuation adjustment risk – weighted assets.

Since 1 January 2019, the Group has calculated the exposure of derivatives according to the *Circular on the Measures on Default Risk Weighted Assets of Counterparties in Respect of Derivatives* and the supporting rules issued by the former China Banking and Insurance Regulatory Commission (the former “CBIRC”).

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Default risk-weighted assets of counterparties		
Foreign exchange derivatives	<b>906,110</b>	1,269,877
Interest rate derivatives	<b>138,441</b>	287,518
Other derivatives	<b>1,078,454</b>	2,333,914
Sub-total	<b>2,123,005</b>	3,891,309
Credit value adjustment risk-weighted assets	<b>687,896</b>	386,758
Total	<b>2,810,901</b>	4,278,067

## VII Notes to the financial statements (continued)

### 5 Financial assets held under resale agreements

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Bonds		
– Policy banks bonds	<b>106,327,135</b>	102,406,862
– Chinese government bonds	<b>5,853,333</b>	20,178,786
Sub-total	<b>112,180,468</b>	122,585,648
Notes	<b>403,313</b>	403,313
Accrued interest	<b>71,663</b>	96,323
Total	<b>112,655,444</b>	123,085,284
Less: Provision for ECL (Note VII. 18)	<b>(403,313)</b>	(403,313)
Carrying amount	<b>112,252,131</b>	122,681,971

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers

#### (1) Analysis by measurement

	The Group and the Bank	
	31 December 2023	31 December 2022
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	<b>976,824,794</b>	871,763,760
Residential mortgages loans	<b>266,542,293</b>	284,844,741
Credit card receivables	<b>424,878,847</b>	439,688,628
Other personal loans	<b>192,151,218</b>	178,293,772
Personal loans and advances	<b>883,572,358</b>	902,827,141
Sub-total	<b>1,860,397,152</b>	1,774,590,901
Loans and advances to customers measured at fair value through other comprehensive income		
Discount	<b>206,728,240</b>	275,415,821
Total	<b>2,067,125,392</b>	2,050,006,722
Accrued interest	<b>6,080,809</b>	6,086,623
Gross loans and advances to customers	<b>2,073,206,201</b>	2,056,093,345
Less: Provision for impairment of loans and advances to customers measured at amortised cost (Note VII. 18)	<b>(52,273,846)</b>	(55,473,122)
Carrying amount of loans and advances to customers	<b>2,020,932,355</b>	2,000,620,223
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income (Note VI. 18)	<b>(196,672)</b>	(331,171)



## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (2) Analysed by type of collateral

	The Group and the Bank	
	31 December 2023	31 December 2022
Unsecured loans	902,610,963	821,311,366
Guaranteed loans	561,421,958	591,724,635
Loans secured by collateral	544,450,511	561,000,988
Pledged loans	58,641,960	75,969,733
Total	2,067,125,392	2,050,006,722
Accrued interest	6,080,809	6,086,623
Gross loans and advances to customers	2,073,206,201	2,056,093,345
Less: Provision for impairment of loans and advances to customers measured at amortised cost (Note VII. 18)	(52,273,846)	(55,473,122)
Carrying amount of loans and advances to customers	2,020,932,355	2,000,620,223
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income (Note VII. 18)	(196,672)	(331,171)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (3) Analysed by industry

	The Group and the Bank			
	31 December 2023		31 December 2022	
	Gross balance	Percentage %	Gross balance	Percentage %
Corporate loans and advances				
– Manufacturing	214,660,034	10.35	165,659,395	8.06
– Leasing and commercial service	152,974,271	7.38	127,032,380	6.18
– Water, environment and public utilities management	120,674,282	5.82	121,079,073	5.89
– Real estate	106,074,034	5.12	116,172,584	5.64
– Wholesale and retail trade	99,906,168	4.82	93,839,214	4.56
– Construction	71,763,943	3.46	71,077,178	3.46
– Transportation, logistics and postal services	66,117,161	3.19	54,270,993	2.64
– Production and supply of electricity, heat, gas and water	42,916,531	2.07	38,575,677	1.88
– Mining	21,587,733	1.04	21,423,237	1.04
– Others	80,150,637	3.87	62,634,029	3.05
Sub-total	976,824,794	47.12	871,763,760	42.40
Discount	206,728,240	9.97	275,415,821	13.40
Personal loans and advances	883,572,358	42.62	902,827,141	43.90
Total	2,067,125,392	99.71	2,050,006,722	99.70
Accrued interest	6,080,809	0.29	6,086,623	0.30
Gross loans and advances to customers	2,073,206,201	100.00	2,056,093,345	100.00
Less: Provision for impairment of loans and advances to customers measured at amortised cost (Note VII. 18)	(52,273,846)		(55,473,122)	
Carrying amount of loans and advances to customers	2,020,932,355		2,000,620,223	
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income (Note VII. 18)	(196,672)		(331,171)	

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (4) Analysed by geographical sector

	The Group and the Bank			
	31 December 2023		31 December 2022	
	Gross balance	Percentage %	Gross balance	Percentage %
Head Office	424,887,608	20.50	508,836,583	24.75
Pearl River Delta	501,566,769	24.19	486,941,810	23.68
Yangtze River Delta	404,922,444	19.53	355,254,757	17.28
Central and Western	403,430,770	19.46	401,880,921	19.55
Bohai Rim	305,659,459	14.74	270,886,686	13.17
Overseas	26,658,342	1.29	26,205,965	1.27
Total	2,067,125,392	99.71	2,050,006,722	99.70
Accrued interest	6,080,809	0.29	6,086,623	0.30
Gross loans and advances to customers	2,073,206,201	100.00	2,056,093,345	100.00
Less: Provision for impairment of loans and advances to customers measured at amortised cost (Note VII. 18)	(52,273,846)		(55,473,122)	
Carrying amount of loans and advances to customers	2,020,932,355		2,000,620,223	
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income (Note VII. 18)	(196,672)		(331,171)	

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (5) Overdue loans and advances analysed by type of collateral and overdue period

	The Group and the Bank				
	31 December 2023				
	Overdue between 1 and 90 days (inclusive)	Overdue between 90 days and one year (inclusive)	Overdue between one year and three years (inclusive)	Overdue more than three years	Total
Pledged loans	3,000	25,190	870	35,322	64,382
Loans secured by collateral	3,772,638	5,294,119	5,547,811	121,559	14,736,127
Guaranteed loans	1,660,447	3,168,374	5,102,209	106,308	10,037,338
Unsecured loans	10,614,659	5,759,084	357,048	25,295	16,756,086
Total	16,050,744	14,246,767	11,007,938	288,484	41,593,933

	The Group and the Bank				
	31 December 2022				
	Overdue between 1 and 90 days (inclusive)	Overdue between 90 days and one year (inclusive)	Overdue between one year and three years (inclusive)	Overdue more than three years	Total
Pledged loans	22,687	1,674,087	72,924	334,031	2,103,729
Loans secured by collateral	3,523,500	7,599,146	4,146,671	160,244	15,429,561
Guaranteed loans	1,104,052	2,885,487	3,971,391	93,938	8,054,868
Unsecured loans	9,437,839	6,572,768	822,339	173,613	17,006,559
Total	14,088,078	18,731,488	9,013,325	761,826	42,594,717

Overdue loans represent loans of which the whole or part of the principal or interest was overdue for one day or more.

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (6) Analysed by assessment on provision for impairment

	The Group and the Bank			
	31 December 2023			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Principal of loans and advances to customers	1,954,080,279	74,933,727	38,111,386	2,067,125,392
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(16,205,994)	(11,159,054)	(24,908,798)	(52,273,846)
Loans and advances to customers, net	1,937,874,285	63,774,673	13,202,588	2,014,851,546
Accrued interest	5,484,141	456,255	140,413	6,080,809
Carrying amount of loans and advances to customers	1,943,358,426	64,230,928	13,343,001	2,020,932,355
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(191,915)	(4,757)	-	(196,672)

	The Group and the Bank			
	31 December 2022			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Principal of loans and advances to customers	1,922,180,131	85,018,367	42,808,224	2,050,006,722
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(15,501,508)	(13,547,178)	(26,424,436)	(55,473,122)
Loans and advances to customers, net	1,906,678,623	71,471,189	16,383,788	1,994,533,600
Accrued interest	5,838,785	218,806	29,032	6,086,623
Carrying amount of loans and advances to customers	1,912,517,408	71,689,995	16,412,820	2,000,620,223
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(318,027)	(12,844)	(300)	(331,171)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (7) Movements of provision for impairment of loans and advances to customers

	The Group and the Bank			
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2023	(15,501,508)	(13,547,178)	(26,424,436)	(55,473,122)
Increase in the current year	(10,462,113)	(5,205,717)	(27,106,399)	(42,774,229)
Reversal in the current year	9,821,109	4,823,758	4,622,618	19,267,485
Write-offs and disposals in the current year	-	-	32,373,688	32,373,688
Recovery after write-off	-	-	(5,667,668)	(5,667,668)
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	1,127,229	(1,127,229)	-	-
Transfer from Stage 1 to Stage 3	934,979	-	(934,979)	-
Transfer from Stage 2 to Stage 1	(2,108,269)	2,108,269	-	-
Transfer from Stage 2 to Stage 3	-	2,674,033	(2,674,033)	-
Transfer from Stage 3 to Stage 2	-	(884,990)	884,990	-
Transfer from Stage 3 to Stage 1	(17,421)	-	17,421	-
Ending balance	(16,205,994)	(11,159,054)	(24,908,798)	(52,273,846)



## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (7) Movements of provision for impairment of loans and advances to customers (continued)

	The Group and the Bank			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2022	(17,335,365)	(13,243,813)	(22,043,901)	(52,623,079)
Increase in the current year	(8,651,659)	(6,488,519)	(29,503,363)	(44,643,541)
Reversal in the current year	8,593,918	3,339,202	4,155,114	16,088,234
Write-offs and disposals in the current year	-	-	30,220,185	30,220,185
Recovery after write-off	-	-	(4,514,921)	(4,514,921)
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	1,476,820	(1,476,820)	-	-
Transfer from Stage 1 to Stage 3	1,020,618	-	(1,020,618)	-
Transfer from Stage 2 to Stage 1	(550,309)	550,309	-	-
Transfer from Stage 2 to Stage 3	-	3,803,306	(3,803,306)	-
Transfer from Stage 3 to Stage 2	-	(30,843)	30,843	-
Transfer from Stage 3 to Stage 1	(55,531)	-	55,531	-
Ending balance	(15,501,508)	(13,547,178)	(26,424,436)	(55,473,122)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (8) Movements in gross carrying amount of loans

Changes in principal of loans and advances to customer resulting in significant impact on the Bank's provision for impairment in 2023 mainly include:

In 2023, the Bank newly issued a loan principal at Stage 1 of RMB782,538 million (2022: RMB785,295 million), and recovered the loan principal at Stage 1 of RMB622,591 million (2022: RMB724,875 million), the loan principal at Stage 2 of RMB34,146 million (2022: RMB25,470 million) and the loan principal at Stage 3 of RMB4,424 million (2022: RMB4,196 million).

In 2023, the loan principal transferred from Stage 1 to Stage 2 was RMB61,850 million (2022: RMB70,593 million), the loan principal transferred from Stage 1 to Stage 3 was RMB23,733 million (2022: RMB33,203 million), the loan principal transferred from Stage 2 to Stage 3 was RMB13,287 million (2022: RMB13,843 million), and the loan principal transferred from Stage 2 to Stage 1 was RMB25,125 million (2022: RMB4,942 million). The loan principal transferred from Stage 3 to Stage 1 or Stage 2 was RMB1,698 million (2022: RMB180 million).

In 2023, the Bank wrote off the principal of non-performing loans of RMB13,505 million (2022: RMB16,753 million), resulting in a corresponding reduction of RMB13,505 million (2022: RMB16,753 million) in the Stage 3 impairment allowances. The Bank still seeks to recover the full amount of debts to which it is legally entitled.

In 2023, the Bank transferred the principal of non-performing loans of RMB22,089 million (2022: RMB15,750 million) through debt-to-equity swaps, transfer of creditor's rights, asset securitization, etc., resulting in a corresponding reduction of RMB18,869 million (2022: RMB13,467 million) in the Stage 3 impairment allowances.

In 2023, the modification of the contractual cash flows that did not lead to the derecognition of loan resulted in the transfer of the relevant impairment provision for loans from Stage 3 to Stage 2, and from Stage 3 or Stage 2 to Stage 1, but the loan principal involved was not significant (2022: not significant).

## VII Notes to the financial statements (continued)

### 6 Loans and advances to customers (continued)

#### (9) Fair value of collaterals

The fair value of collaterals for credit impaired loans and advances to customers at the balance sheet date is as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Lands and buildings	<b>5,625,334</b>	7,930,316
Other assets	<b>981,843</b>	1,767,226
<b>Total</b>	<b>6,607,177</b>	9,697,542

The fair value of collaterals was determined and adjusted by management based on the latest available external valuations by taking into account the current experience on disposal of collaterals as well as the market situation. The collaterals include land, buildings and machines. Assets pledged as collateral include inventories, certificates of deposit, shares and deposit.

### 7 Financial assets held for trading

		<b>The Group</b>	
		<b>31 December 2023</b>	31 December 2022
Investments at fair value through profit or loss	(i)	<b>119,641,206</b>	168,934,934

		<b>The Bank</b>	
		<b>31 December 2023</b>	31 December 2022
Investments at fair value through profit or loss	(i)	<b>118,111,318</b>	167,556,022

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 7 Financial assets held for trading (continued)

#### (i) Investments at fair value through profit or loss

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Funds	<b>63,797,872</b>	101,820,968
Commercial banks and other financial institutions bonds	<b>16,460,527</b>	21,349,334
Corporate bonds	<b>8,112,360</b>	18,808,484
Policy bank bonds	<b>15,180,913</b>	10,230,979
Government bonds	<b>3,974,956</b>	5,375,230
Fund trusts, asset management plans and others	<b>12,114,578</b>	11,349,939
<b>Total</b>	<b>119,641,206</b>	168,934,934

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Funds	<b>63,493,320</b>	101,332,863
Commercial banks and other financial institutions bonds	<b>16,188,519</b>	21,066,757
Corporate bonds	<b>8,112,360</b>	18,808,484
Policy bank bonds	<b>15,180,913</b>	10,230,979
Government bonds	<b>3,974,955</b>	5,375,230
Fund trusts, asset management plans and others	<b>11,161,251</b>	10,741,709
<b>Total</b>	<b>118,111,318</b>	167,556,022

## VII Notes to the financial statements (continued)

### 8 Debt investments

#### (1) Analysed by type of investment

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Government bonds	<b>355,049,256</b>	274,776,593
Policy bank bonds	<b>124,388,884</b>	104,771,757
Debt financing plan	<b>38,824,150</b>	59,967,437
Fund trust, asset management plans and others	<b>15,087,790</b>	17,663,965
Corporate bonds	<b>987,376</b>	2,072,492
Commercial banks and other financial institutions bonds	–	678,956
Accrued interest	<b>6,830,209</b>	5,804,143
<b>Total</b>	<b>541,167,665</b>	465,735,343
Less: Provision for ECL (Note VII. 18)	<b>(4,766,575)</b>	(4,962,944)
<b>Carrying amount</b>	<b>536,401,090</b>	460,772,399

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Government bonds	<b>351,724,209</b>	271,334,011
Policy bank bonds	<b>124,388,884</b>	104,771,757
Debt financing plan	<b>38,824,150</b>	59,967,437
Fund trust, asset management plans and others	<b>15,087,790</b>	17,663,965
Corporate bonds	<b>987,376</b>	2,072,492
Commercial banks and other financial institutions bonds	–	678,956
Accrued interest	<b>6,808,035</b>	5,779,579
<b>Total</b>	<b>537,820,444</b>	462,268,197
Less: Provision for ECL (Note VII. 18)	<b>(4,766,426)</b>	(4,962,674)
<b>Carrying amount</b>	<b>533,054,018</b>	457,305,523

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 8 Debt investments (continued)

#### (2) Movements in loss provisions for debt investments:

	The Group			Total
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
1 January 2023	(844,115)	(8,435)	(4,110,394)	(4,962,944)
Increase in the current year	(192,273)	(119,935)	(418,649)	(730,857)
Reversal in the current year	282,652	35,076	549,580	867,308
Write-offs and disposals in the current year	-	-	59,918	59,918
Recovery after write-off	-	-	-	-
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	46,797	(46,797)	-	-
Transfer from Stage 1 to Stage 3	3,143	-	(3,143)	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	(204,997)	204,997	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2023	(703,796)	(345,088)	(3,717,691)	(4,766,575)



## VII Notes to the financial statements (continued)

### 8 Debt investments (continued)

#### (2) Movements in loss provisions for debt investments (continued):

	The Group			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2022	(742,817)	(206,644)	(4,785,361)	(5,734,822)
Increase in the current year	(442,948)	(2,297)	(735,157)	(1,180,402)
Reversal in the current year	336,856	203,669	525,334	1,065,859
Write-offs and disposals in the current year	-	-	886,421	886,421
Recovery after write-off	-	-	-	-
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	6,138	(6,138)	-	-
Transfer from Stage 1 to Stage 3	1,631	-	(1,631)	-
Transfer from Stage 2 to Stage 1	(2,975)	2,975	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2022	(844,115)	(8,435)	(4,110,394)	(4,962,944)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 8 Debt investments (continued)

#### (2) Movements in loss provisions for debt investments (continued):

	The Bank			Total
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
1 January 2023	(843,845)	(8,435)	(4,110,394)	(4,962,674)
Increase in the current year	(192,273)	(119,935)	(418,649)	(730,857)
Reversal in the current year	282,531	35,076	549,580	867,187
Write-offs and disposals in the current year	-	-	59,918	59,918
Recovery after write-off	-	-	-	-
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	46,797	(46,797)	-	-
Transfer from Stage 1 to Stage 3	3,143	-	(3,143)	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	(204,997)	204,997	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2023	(703,647)	(345,088)	(3,717,691)	(4,766,426)

## VII Notes to the financial statements (continued)

### 8 Debt investments (continued)

#### (2) Movements in loss provisions for debt investments (continued):

	The Bank			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2022	(742,817)	(206,644)	(4,785,361)	(5,734,822)
Increase in the current year	(442,678)	(2,297)	(735,157)	(1,180,132)
Reversal in the current year	336,856	203,669	525,334	1,065,859
Write-offs and disposals in the current year	-	-	886,421	886,421
Recovery after write-off	-	-	-	-
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	6,138	(6,138)	-	-
Transfer from Stage 1 to Stage 3	1,631	-	(1,631)	-
Transfer from Stage 2 to Stage 1	(2,975)	2,975	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2022	(843,845)	(8,435)	(4,110,394)	(4,962,674)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 8 Debt investments (continued)

#### (3) Movements of debt investments:

In 2023, debt investments held at Stage 1 was RMB529,040 million (2022: RMB457,800 million); debt investments held at Stage 2 was RMB6,055 million (2022: RMB380 million); debt investments held at Stage 3 was RMB6,073 million (2022: RMB7,507 million).

In 2023, the amount increased at Stage 1 due to held or buy-in debt investments was RMB126,280 million (2022: RMB128,019 million); the amount decreased at Stage 1 due to recovery was RMB50,855 million (2022: RMB73,822 million); the amount decreased at Stage 3 due to write-offs and disposals or recovery was RMB1,203 million (2022: RMB2,127 million); and the debt investments transferred from Stage 1 to Stage 2 was RMB5,636 million (2022: RMB380 million); the debt investments transferred from Stage 3 to Stage 2 was RMB419 million (2022: Nil). For the Group, the debt investments transferred between other Stages and the debt investments with modification of the contractual cash flows that did not lead to the recognition of the debt investments termination were not significant.

### 9 Other debt investments

	The Group	
	31 December 2023	31 December 2022
Government bonds	170,862,809	133,778,713
Commercial banks and other financial institutions bonds	103,175,245	105,140,766
Policy bank bonds	62,731,157	68,573,379
Corporate bonds	6,566,848	8,732,572
Sub-total	343,336,059	316,225,430
Accrued interest	4,378,777	3,573,445
Total	347,714,836	319,798,875
Including:		
– Amortised cost	346,228,510	319,324,204
– Accumulated changes in fair value	1,486,326	474,671

## VII Notes to the financial statements (continued)

### 9 Other debt investments (continued)

	The Bank	
	31 December 2023	31 December 2022
Government bonds	170,660,853	133,719,563
Commercial banks and other financial institutions bonds	103,175,245	105,140,766
Policy bank bonds	62,731,157	68,573,379
Corporate bonds	6,566,848	8,732,572
Sub-total	343,134,103	316,166,280
Accrued interest	4,376,597	3,572,901
Total	347,510,700	319,739,181
Including:		
– Amortised cost	346,028,322	319,264,415
– Accumulated changes in fair value	1,482,378	474,766

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 9 Other debt investments (continued)

#### (1) Movements in loss provisions for other debt investments:

	The Group and the Bank			
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2023	(309,708)	-	(80,000)	(389,708)
Increase in the current year	(184,610)	-	-	(184,610)
Reversal in the current year	176,257	-	20,000	196,257
Write-offs and disposals in the current year	-	-	-	-
Recovery after write-off	-	-	-	-
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2023	(318,061)	-	(60,000)	(378,061)



## VII Notes to the financial statements (continued)

### 9 Other debt investments (continued)

#### (1) Movements in loss provisions for other debt investments (continued):

	The Group and the Bank			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2022	(68,459)	-	(100,000)	(168,459)
Increase in the current year	(276,763)	-	-	(276,763)
Reversal in the current year	35,514	-	20,000	55,514
Write-offs and disposals in the current year	-	-	-	-
Recovery after write-off	-	-	-	-
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2022	(309,708)	-	(80,000)	(389,708)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 9 Other debt investments (continued)

#### (2) Movements of other debt investments:

In 2023, the Group and the Bank's amount of other debt investments increased at Stage 1 due to held or buy-in other debt investments was RMB174,202 million (2022: RMB185,259 million); the amount decreased at Stage 1 due to recognition of termination was RMB146,282 million (2022: RMB75,651 million). Movements of other debt investments at Stage 2 and Stage 3 were not significant.

### 10 Investments in other equity instruments

	The Group and the Bank	
	31 December 2023	31 December 2022
Investments in equity instrument not held for trading		
Equity of unlisted companies	<b>3,796,650</b>	1,387,036
Equity of listed companies	<b>1,073,945</b>	961,745
Total	<b>4,870,595</b>	2,348,781
Cost of equity instruments	<b>2,456,409</b>	2,577,160
Fair value changes charged to other comprehensive income	<b>2,414,186</b>	(228,379)
Fair value	<b>4,870,595</b>	2,348,781

Investments in other equity instruments mainly comprise the assets acquired by the Group and the Bank from disposal of assets corresponding to collaterals or other credit enhancements.

The Group and the Bank designated equity instruments held not for trading as other equity instruments measured at fair value through other comprehensive income ("FVOCI"), and as at 31 December 2023, the fair value was RMB4,871 million (2022: RMB2,349 million). In 2023, the dividend the Bank had received from the above equity instruments was RMB57 million (2022: RMB94 million).

In 2023, the Group and the Bank disposed a part of the FVOCI, and on the disposal date the fair value was RMB411 million (2022: RMB21 million). The disposal resulted in the loss transferred from other comprehensive income to retained earnings was RMB29 million (2022: the profit was RMB14 million).

## VII Notes to the financial statements (continued)

### 11 Long-term equity investments

	The Bank	
	2023	2022
Opening balance	5,079,000	5,000,000
Increase in the current year	–	79,000
Ending balance	5,079,000	5,079,000

### 12 Fixed assets

	The Group			
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	Total
Cost				
31 December 2022	12,223,271	5,019,684	1,107,642	18,350,597
Increase in the current year	22,598	740,625	104,595	867,818
Transfers from construction in progress	304,747	–	–	304,747
Decrease in the current year	(5,277)	(624,639)	(70,136)	(700,052)
31 December 2023	12,545,339	5,135,670	1,142,101	18,823,110
Accumulated depreciation				
31 December 2022	(4,345,040)	(3,448,124)	(845,488)	(8,638,652)
Increase in the current year	(401,927)	(524,202)	(80,743)	(1,006,872)
Decrease in the current year	1,606	597,233	60,233	659,072
31 December 2023	(4,745,361)	(3,375,093)	(865,998)	(8,986,452)
Provision for impairment				
31 December 2022	(228,274)	–	–	(228,274)
Decrease in the current year	–	–	–	–
31 December 2023	(228,274)	–	–	(228,274)
Net book value				
31 December 2023	7,571,704	1,760,577	276,103	9,608,384
31 December 2022	7,649,957	1,571,560	262,154	9,483,671

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 12 Fixed assets (continued)

	The Group			
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	Total
Cost				
31 December 2021	12,278,534	4,568,144	1,079,402	17,926,080
Increase in the current year	41,468	706,639	90,118	838,225
Transfers from construction in progress	37,350	–	–	37,350
Decrease in the current year	(134,081)	(255,099)	(61,878)	(451,058)
31 December 2022	12,223,271	5,019,684	1,107,642	18,350,597
Accumulated depreciation				
31 December 2021	(3,981,808)	(3,257,495)	(821,503)	(8,060,806)
Increase in the current year	(417,194)	(437,016)	(82,505)	(936,715)
Decrease in the current year	53,962	246,387	58,520	358,869
31 December 2022	(4,345,040)	(3,448,124)	(845,488)	(8,638,652)
Provision for impairment				
31 December 2021	(228,274)	–	–	(228,274)
Decrease in the current year	–	–	–	–
31 December 2022	(228,274)	–	–	(228,274)
Net book value				
31 December 2022	7,649,957	1,571,560	262,154	9,483,671
31 December 2021	8,068,452	1,310,649	257,899	9,637,000

## VII Notes to the financial statements (continued)

### 12 Fixed assets (continued)

	The Bank			
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	Total
Cost				
31 December 2022	12,223,271	4,997,635	1,105,927	18,326,833
Increase in the current year	22,598	739,871	103,718	866,187
Transfers from construction in progress	304,747	–	–	304,747
Decrease in the current year	(5,277)	(624,639)	(70,136)	(700,052)
31 December 2023	12,545,339	5,112,867	1,139,509	18,797,715
Accumulated depreciation				
31 December 2022	(4,345,040)	(3,441,447)	(845,230)	(8,631,717)
Increase in the current year	(401,927)	(519,513)	(80,372)	(1,001,812)
Decrease in the current year	1,606	597,233	60,232	659,071
31 December 2023	(4,745,361)	(3,363,727)	(865,370)	(8,974,458)
Provision for impairment				
31 December 2022	(228,274)	–	–	(228,274)
Decrease in the current year	–	–	–	–
31 December 2023	(228,274)	–	–	(228,274)
Net book value				
31 December 2023	7,571,704	1,749,140	274,139	9,594,983
31 December 2022	7,649,957	1,556,188	260,697	9,466,842

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 12 Fixed assets (continued)

	The Bank			
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	Total
Cost				
31 December 2021	12,278,534	4,554,830	1,079,402	17,912,766
Increase in the current year	41,468	704,984	88,403	834,855
Transfers from construction in progress	37,350	–	–	37,350
Decrease in the current year	(134,081)	(262,179)	(61,878)	(458,138)
31 December 2022	12,223,271	4,997,635	1,105,927	18,326,833
Accumulated depreciation				
31 December 2021	(3,981,808)	(3,255,902)	(821,503)	(8,059,213)
Increase in the current year	(417,194)	(429,720)	(82,247)	(929,161)
Decrease in the current year	53,962	244,175	58,520	356,657
31 December 2022	(4,345,040)	(3,441,447)	(845,230)	(8,631,717)
Provision for impairment				
31 December 2021	(228,274)	–	–	(228,274)
Decrease in the current year	–	–	–	–
31 December 2022	(228,274)	–	–	(228,274)
Net book value				
31 December 2022	7,649,957	1,556,188	260,697	9,466,842
31 December 2021	8,068,452	1,298,928	257,899	9,625,279

- (i) As at 31 December 2023, the Group and the Bank had not fully completed ownership changing procedures for buildings with a carrying amount of RMB124 million (31 December 2022: RMB137 million). Management of the Group and the Bank expects that the outstanding ownership changing procedures will not affect the Group's right to inherit such assets or adversely affect the operation of the Group and the Bank.
- (ii) The Group and the Bank assessed the recoverable amount of certain properties and buildings and construction in progress that are considered to be impaired. Based on the assessment, no provision for impairment has been made for such assets in 2023 (2022: the same). The estimated recoverable amount of an asset is the higher of the fair value of the recent transaction price of similar assets within the same area less costs to sell and the present value of the future cash flows expected to be derived from it.



## VII Notes to the financial statements (continued)

### 13 Construction in progress

	The Group and the Bank	
	2023	2022
Opening balance	1,841,662	1,359,972
Increase in the current year	678,455	519,040
Transfer to fixed assets	(304,747)	(37,350)
Carrying amount at the end of the year	2,215,370	1,841,662

### 14 Intangible assets

	The Group			
	Land use rights	Computer software	Other intangible assets	Total
Cost				
31 December 2022	3,121,859	9,757,300	1,498	12,880,657
Increase in the current year	–	2,030,080	–	2,030,080
Decrease in the current year	–	(5,020)	(1,498)	(6,518)
31 December 2023	3,121,859	11,782,360	–	14,904,219
Accumulated amortisation				
31 December 2022	(497,602)	(6,069,003)	(1,498)	(6,568,103)
Increase in the current year	(75,402)	(1,381,884)	–	(1,457,286)
Decrease in the current year	–	4,555	1,498	6,053
31 December 2023	(573,004)	(7,446,332)	–	(8,019,336)
Net book value				
31 December 2023	2,548,855	4,336,028	–	6,884,883
31 December 2022	2,624,257	3,688,297	–	6,312,554

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 14 Intangible assets (continued)

	The Group			
	Land use rights	Computer software	Other intangible assets	Total
Cost				
31 December 2021	3,045,151	7,772,058	1,498	10,818,707
Increase in the current year	76,708	1,985,960	–	2,062,668
Decrease in the current year	–	(718)	–	(718)
31 December 2022	3,121,859	9,757,300	1,498	12,880,657
Accumulated amortisation				
31 December 2021	(415,647)	(4,972,194)	(1,498)	(5,389,339)
Increase in the current year	(81,955)	(1,097,527)	–	(1,179,482)
Decrease in the current year	–	718	–	718
31 December 2022	(497,602)	(6,069,003)	(1,498)	(6,568,103)
Net book value				
31 December 2022	2,624,257	3,688,297	–	6,312,554
31 December 2021	2,629,504	2,799,864	–	5,429,368

	The Bank			
	Land use rights	Computer software	Other intangible assets	Total
Cost				
31 December 2022	<b>3,121,859</b>	<b>9,682,100</b>	<b>1,498</b>	<b>12,805,457</b>
Increase in the current year	–	<b>1,954,262</b>	–	<b>1,954,262</b>
Decrease in the current year	–	<b>(5,020)</b>	<b>(1,498)</b>	<b>(6,518)</b>
31 December 2023	<b>3,121,859</b>	<b>11,631,342</b>	–	<b>14,753,201</b>
Accumulated amortisation				
31 December 2022	<b>(497,602)</b>	<b>(6,054,845)</b>	<b>(1,498)</b>	<b>(6,553,945)</b>
Increase in the current year	<b>(75,402)</b>	<b>(1,363,202)</b>	–	<b>(1,438,604)</b>
Decrease in the current year	–	<b>4,555</b>	<b>1,498</b>	<b>6,053</b>
31 December 2023	<b>(573,004)</b>	<b>(7,413,492)</b>	–	<b>(7,986,496)</b>
Net book value				
31 December 2023	<b>2,548,855</b>	<b>4,217,850</b>	–	<b>6,766,705</b>
31 December 2022	<b>2,624,257</b>	<b>3,627,255</b>	–	<b>6,251,512</b>

## VII Notes to the financial statements (continued)

### 14 Intangible assets (continued)

	The Bank			Total
	Land use rights	Computer software	Other intangible assets	
Cost				
31 December 2021	3,045,151	7,772,058	1,498	10,818,707
Increase in the current year	76,708	1,943,961	–	2,020,669
Decrease in the current year	–	(33,919)	–	(33,919)
31 December 2022	3,121,859	9,682,100	1,498	12,805,457
Accumulated amortisation				
31 December 2021	(415,647)	(4,972,194)	(1,498)	(5,389,339)
Increase in the current year	(81,955)	(1,089,292)	–	(1,171,247)
Decrease in the current year	–	6,641	–	6,641
31 December 2022	(497,602)	(6,054,845)	(1,498)	(6,553,945)
Net book value				
31 December 2022	2,624,257	3,627,255	–	6,251,512
31 December 2021	2,629,504	2,799,864	–	5,429,368

As at 31 December 2023, the Group and the Bank had no land use rights that were subject to uncompleted ownership changing procedures (2022: Nil).

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 15 Right-of-use assets

	The Group		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2022	7,928,008	27,065	7,955,073
Increase in the current year	1,520,877	34,543	1,555,420
Decrease in the current year	(982,898)	(9,242)	(992,140)
31 December 2023	8,465,987	52,366	8,518,353
Accumulated depreciation			
31 December 2022	(2,968,898)	(7,740)	(2,976,638)
Increase in the current year	(1,566,694)	(19,720)	(1,586,414)
Decrease in the current year	903,931	3,693	907,624
31 December 2023	(3,631,661)	(23,767)	(3,655,428)
Carrying amount			
31 December 2023	4,834,326	28,599	4,862,925
31 December 2022	4,959,110	19,325	4,978,435

## VII Notes to the financial statements (continued)

### 15 Right-of-use assets (continued)

	The Group		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2021	6,899,594	21,272	6,920,866
Increase in the current year	1,347,188	7,353	1,354,541
Decrease in the current year	(318,774)	(1,560)	(320,334)
31 December 2022	7,928,008	27,065	7,955,073
Accumulated depreciation			
31 December 2021	(1,567,607)	(6,528)	(1,574,135)
Increase in the current year	(1,671,735)	(2,772)	(1,674,507)
Decrease in the current year	270,444	1,560	272,004
31 December 2022	(2,968,898)	(7,740)	(2,976,638)
Carrying amount			
31 December 2022	4,959,110	19,325	4,978,435
31 December 2021	5,331,987	14,744	5,346,731

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 15 Right-of-use assets (continued)

	The Bank		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2022	7,871,879	27,065	7,898,944
Increase in the current year	1,520,877	34,543	1,555,420
Decrease in the current year	(982,898)	(9,242)	(992,140)
31 December 2023	8,409,858	52,366	8,462,224
Accumulated depreciation			
31 December 2022	(2,951,481)	(7,740)	(2,959,221)
Increase in the current year	(1,550,648)	(19,720)	(1,570,368)
Decrease in the current year	903,931	3,693	907,624
31 December 2023	(3,598,198)	(23,767)	(3,621,965)
Carrying amount			
31 December 2023	4,811,660	28,599	4,840,259
31 December 2022	4,920,398	19,325	4,939,723



## VII Notes to the financial statements (continued)

### 15 Right-of-use assets (continued)

	The Bank		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2021	6,843,983	21,272	6,865,255
Increase in the current year	1,346,670	7,353	1,354,023
Decrease in the current year	(318,774)	(1,560)	(320,334)
31 December 2022	7,871,879	27,065	7,898,944
Accumulated depreciation			
31 December 2021	(1,566,282)	(6,528)	(1,572,810)
Increase in the current year	(1,655,643)	(2,772)	(1,658,415)
Decrease in the current year	270,444	1,560	272,004
31 December 2022	(2,951,481)	(7,740)	(2,959,221)
Carrying amount			
31 December 2022	4,920,398	19,325	4,939,723
31 December 2021	5,277,701	14,744	5,292,445

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 16 Deferred tax assets and liabilities

The net balances of deferred tax assets and liabilities after offsetting are as follows:

	<b>The Group</b>	
	<b>2023</b>	2022
Opening balance of deferred tax assets	<b>17,192,117</b>	13,652,545
Deferred taxes recognised in the income statement for the current year (Note VII. 48)	<b>657,507</b>	2,581,700
Deferred taxes recognised in other comprehensive income (Note VII. 33)	<b>(958,451)</b>	957,872
Ending balance of deferred tax assets	<b>16,891,173</b>	17,192,117

	<b>The Bank</b>	
	<b>2023</b>	2022
Opening balance of deferred tax assets	<b>17,192,117</b>	13,652,545
Deferred taxes recognised in the income statement for the current year (Note VII. 48)	<b>655,422</b>	2,581,700
Deferred taxes recognised in other comprehensive income (Note VII. 33)	<b>(957,440)</b>	957,872
Ending balance of deferred tax assets	<b>16,890,099</b>	17,192,117

	<b>The Group</b>	
	<b>2023</b>	2022
Opening balance of deferred tax liabilities	<b>65</b>	-
Deferred taxes recognised in the income statement for the current year (Note VII. 48)	<b>(65)</b>	89
Deferred taxes recognised in other comprehensive income (Note VII. 33)	-	(24)
Ending balance of deferred tax liabilities	-	65

## VII Notes to the financial statements (continued)

### 16 Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities before offsetting of certain debit and credit balances are set out as follows:

#### (a) Deferred tax assets

	<b>The Group</b>			
	<b>31 December 2023</b>		31 December 2022	
	<b>Deferred tax assets</b>	<b>Deductible temporary differences</b>	Deferred tax assets	Deductible temporary differences
Provision for asset impairment	<b>16,864,314</b>	<b>67,457,255</b>	15,654,633	62,618,532
Accrued payroll	<b>878,082</b>	<b>3,512,329</b>	845,344	3,381,376
Provisions	<b>528,725</b>	<b>2,114,898</b>	694,106	2,776,423
Deferred interest income of discounted notes	<b>284,025</b>	<b>1,136,098</b>	462,381	1,849,524
Changes in fair value	<b>35,737</b>	<b>142,947</b>	88,141	352,564
Lease liabilities	<b>1,214,367</b>	<b>4,857,469</b>	1,233,647	4,934,586
Others	<b>154,441</b>	<b>617,765</b>	103,867	415,468
<b>Total</b>	<b>19,959,691</b>	<b>79,838,761</b>	19,082,119	76,328,473

	<b>The Bank</b>			
	<b>31 December 2023</b>		31 December 2022	
	<b>Deferred tax assets</b>	<b>Deductible temporary differences</b>	Deferred tax assets	Deductible temporary differences
Provision for asset impairment	<b>16,864,314</b>	<b>67,457,255</b>	15,654,633	62,618,532
Accrued payroll	<b>875,297</b>	<b>3,501,189</b>	844,969	3,379,876
Provisions	<b>528,725</b>	<b>2,114,898</b>	694,106	2,776,423
Deferred interest income of discounted notes	<b>284,025</b>	<b>1,136,098</b>	462,381	1,849,524
Changes in fair value	<b>34,107</b>	<b>136,427</b>	86,402	345,608
Lease liabilities	<b>1,214,367</b>	<b>4,857,469</b>	1,233,647	4,934,586
Others	<b>153,575</b>	<b>614,301</b>	103,744	414,976
<b>Total</b>	<b>19,954,410</b>	<b>79,817,637</b>	19,079,882	76,319,525

The Group conducted Interpretation No. 16 from 1 January 2023. To conduct Interpretation No. 16, the Group and the Bank restated the deferred tax assets before offsetting and deductible temporary differences, which differed an amount of RMB1,234 million and RMB4,935 million.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 16 Deferred tax assets and liabilities (continued)

(b) *Deductible temporary differences that are not recognised as deferred tax assets are analysed as follows:*

	The Group and the Bank	
	31 December 2023	31 December 2022
Deductible temporary differences	2,164,977	2,417,550

According to the accounting policies stated in Note IV 22, as at 31 December 2023 the Group and the Bank's amount of not recognised as deferred tax assets was RMB541 million (2022: 605 million), mainly caused by the uncertainty of deduction before tax of provision for impairment of assets that generated the deductible temporary differences in the foreseeable future.

(c) *Deferred tax liabilities*

	The Group			
	31 December 2023		31 December 2022	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Changes in fair value	(1,499,986)	(5,999,943)	(308,311)	(1,233,244)
Right-of-use assets	(1,210,065)	(4,840,259)	(1,241,111)	(4,964,442)
Others	(358,467)	(1,433,868)	(340,645)	(1,362,580)
Total	(3,068,518)	(12,274,070)	(1,890,067)	(7,560,266)

## VII Notes to the financial statements (continued)

### 16 Deferred tax assets and liabilities (continued)

#### (c) Deferred tax liabilities (continued)

	<b>The Bank</b>			
	<b>31 December 2023</b>		31 December 2022	
	<b>Deferred tax liabilities</b>	<b>Taxable temporary differences</b>	Deferred tax liabilities	Taxable temporary differences
Changes in fair value	<b>(1,499,986)</b>	<b>(5,999,943)</b>	(308,311)	(1,233,244)
Right-of-use assets	<b>(1,210,065)</b>	<b>(4,840,259)</b>	(1,241,111)	(4,964,442)
Others	<b>(354,260)</b>	<b>(1,417,040)</b>	(338,343)	(1,353,372)
Total	<b>(3,064,311)</b>	<b>(12,257,242)</b>	(1,887,765)	(7,551,058)

The Group and the Bank restated the deferred tax liabilities before offsetting and taxable temporary differences, which differed an amount of RMB1,234 million and RMB4,935 million.

#### (d) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Deferred tax assets, net	<b>16,891,173</b>	17,192,117
Deferred tax liabilities, net	-	(65)

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Deferred tax assets, net	<b>16,890,099</b>	17,192,117

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 17 Other assets

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Suspense account for clearing	<b>8,934,414</b>	8,489,853
Long-term prepaid expenses	<b>854,194</b>	956,432
Advances and temporary payments	<b>813,416</b>	838,103
Continuing involvement in assets (i)	<b>734,668</b>	734,668
Interest receivable (ii)	<b>738,882</b>	489,939
Prepayment for purchase of long-term assets	<b>481,961</b>	327,838
Repossessed assets (iii)	<b>210,525</b>	177,712
Prepaid rentals	<b>31,628</b>	55,830
Others	<b>765,289</b>	732,501
<b>Total</b>	<b>13,564,977</b>	12,802,876
Less: Provision for impairment (Note VII. 18)	<b>(499,445)</b>	(440,854)
<b>Carrying amount</b>	<b>13,065,532</b>	12,362,022

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Suspense account for clearing	<b>8,934,414</b>	8,489,853
Long-term prepaid expenses	<b>846,040</b>	949,059
Advances and temporary payments	<b>812,451</b>	836,504
Continuing involvement in assets (i)	<b>734,668</b>	734,668
Interest receivable (ii)	<b>738,882</b>	489,939
Prepayment for purchase of long-term assets	<b>475,686</b>	325,399
Repossessed assets (iii)	<b>210,525</b>	177,712
Prepaid rentals	<b>31,593</b>	55,830
Others	<b>683,679</b>	665,018
<b>Total</b>	<b>13,467,938</b>	12,723,982
Less: Provision for impairment (Note VII. 18)	<b>(499,445)</b>	(440,854)
<b>Carrying amount</b>	<b>12,968,493</b>	12,283,128



## VII Notes to the financial statements (continued)

### 17 Other assets (continued)

#### (i) Continuing involvement in assets

As at 31 December 2023 and 31 December 2022, the Group and the Bank continued to recognise assets of RMB735 million. Meanwhile, the Group and the Bank recognised continuing involvement in assets and liabilities in the same amounts as a result of this matter.

(ii) Interest receivable only represents the interest that is receivable since the relevant financial instruments are due but remains unreceived at the balance sheet date.

#### (iii) Repossessed assets

*Analysed by type*

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Buildings	<b>84,467</b>	93,122
Land use rights	<b>126,058</b>	84,590
Total original value of repossessed assets	<b>210,525</b>	177,712
Less: Provision for impairment of repossessed assets	<b>(89,079)</b>	(86,479)
Carrying amount	<b>121,446</b>	91,233

Repossessed assets comprise the assets acquired by the Group and the Bank from disposal of assets corresponding to collaterals or other credit enhancements.

In 2023, the Group and the Bank did not convert any repossessed assets to fixed assets for own use (2022: Nil).

In 2023, the Group and the Bank disposed of repossessed assets with an original value of RMB9 million (2022: RMB624 million).

The Group and the Bank planned to dispose of the repossessed assets as at 31 December 2023 through public disposal methods such as auction and bidding in the future.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 18 Provision for asset impairment

	The Group					31 December 2023
	1 January 2023	Increase in the current year	Reversal in the current year	Write- offs and disposals in the current year	Recovery after write- off in the current year	
Due from banks and other financial institutions	(2,100)	-	742	-	-	(1,358)
Placements with banks and other financial institutions	(551,910)	(200,725)	172,910	-	-	(579,725)
Financial assets held under resale agreements	(403,313)	-	-	-	-	(403,313)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(55,473,122)	(42,774,229)	19,267,485	32,373,688	(5,667,668)	(52,273,846)
– Loans and advances to customers measured at fair value through other comprehensive income	(331,171)	(196,672)	331,171	-	-	(196,672)
Financial investment						
– Debt investments	(4,962,944)	(730,857)	867,308	59,918	-	(4,766,575)
– Other debt investments	(389,708)	(184,610)	196,257	-	-	(378,061)
Loan commitments and financial guarantee contracts	(2,730,620)	(1,646,882)	2,313,888	-	-	(2,063,614)
Fixed assets	(228,274)	-	-	-	-	(228,274)
Other assets	(440,854)	(194,046)	67,247	87,724	(19,516)	(499,445)
<b>Total</b>	<b>(65,514,016)</b>	<b>(45,928,021)</b>	<b>23,217,008</b>	<b>32,521,330</b>	<b>(5,687,184)</b>	<b>(61,390,883)</b>

## VII Notes to the financial statements (continued)

### 18 Provision for asset impairment (continued)

	The Group					31 December 2022
	1 January 2022	Increase in the current year	Reversal in the current year	Write- offs and disposals in the current year	Recovery after write-off in the current year	
Due from banks and other financial institutions	(1,373)	(727)	-	-	-	(2,100)
Placements with banks and other financial institutions	(569,725)	(172,327)	190,142	-	-	(551,910)
Financial assets held under resale agreements	(403,313)	-	-	-	-	(403,313)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(52,623,079)	(44,643,541)	16,088,234	30,220,185	(4,514,921)	(55,473,122)
– Loans and advances to customers measured at fair value through other comprehensive income	(407,990)	(331,171)	407,990	-	-	(331,171)
Financial investment						
– Debt investments	(5,734,822)	(1,180,402)	1,065,859	886,421	-	(4,962,944)
– Other debt investments	(168,459)	(276,763)	55,514	-	-	(389,708)
Loan commitments and financial guarantee contracts	(2,832,040)	(2,554,570)	2,655,990	-	-	(2,730,620)
Fixed assets	(228,274)	-	-	-	-	(228,274)
Other assets	(494,905)	(115,008)	114,432	80,887	(26,260)	(440,854)
<b>Total</b>	<b>(63,463,980)</b>	<b>(49,274,509)</b>	<b>20,578,161</b>	<b>31,187,493</b>	<b>(4,541,181)</b>	<b>(65,514,016)</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 18 Provision for asset impairment (continued)

	The Bank					31 December 2023
	1 January 2023	Increase in the current year	Reversal in the current year	Write- offs and disposals in the current year	Recovery after write- off in the current year	
Due from banks and other financial institutions	(2,073)	-	780	-	-	(1,293)
Placements with banks and other financial institutions	(551,910)	(200,725)	172,910	-	-	(579,725)
Financial assets held under resale agreements	(403,313)	-	-	-	-	(403,313)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(55,473,122)	(42,774,229)	19,267,485	32,373,688	(5,667,668)	(52,273,846)
– Loans and advances to customers measured at fair value through other comprehensive income	(331,171)	(196,672)	331,171	-	-	(196,672)
Financial investment						
– Debt investments	(4,962,674)	(730,857)	867,187	59,918	-	(4,766,426)
– Other debt investments	(389,708)	(184,610)	196,257	-	-	(378,061)
Loan commitments and financial guarantee contracts	(2,730,620)	(1,646,882)	2,313,888	-	-	(2,063,614)
Fixed assets	(228,274)	-	-	-	-	(228,274)
Other assets	(440,854)	(194,046)	67,247	87,724	(19,516)	(499,445)
<b>Total</b>	<b>(65,513,719)</b>	<b>(45,928,021)</b>	<b>23,216,925</b>	<b>32,521,330</b>	<b>(5,687,184)</b>	<b>(61,390,669)</b>

## VII Notes to the financial statements (continued)

### 18 Provision for asset impairment (continued)

	The Bank					31 December 2022
	1 January 2022	Increase in the current year	Reversal in the current year	Write- offs and disposals in the current year	Recovery after write-off in the current year	
Due from banks and other financial institutions	(1,373)	(700)	-	-	-	(2,073)
Placements with banks and other financial institutions	(569,725)	(172,327)	190,142	-	-	(551,910)
Financial assets held under resale agreements	(403,313)	-	-	-	-	(403,313)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(52,623,079)	(44,643,541)	16,088,234	30,220,185	(4,514,921)	(55,473,122)
– Loans and advances to customers measured at fair value through other comprehensive income	(407,990)	(331,171)	407,990	-	-	(331,171)
Financial investment						
– Debt investments	(5,734,822)	(1,180,132)	1,065,859	886,421	-	(4,962,674)
– Other debt investments	(168,459)	(276,763)	55,514	-	-	(389,708)
Loan commitments and financial guarantee contracts	(2,832,040)	(2,554,570)	2,655,990	-	-	(2,730,620)
Fixed assets	(228,274)	-	-	-	-	(228,274)
Other assets	(494,905)	(115,008)	114,432	80,887	(26,260)	(440,854)
<b>Total</b>	<b>(63,463,980)</b>	<b>(49,274,212)</b>	<b>20,578,161</b>	<b>31,187,493</b>	<b>(4,541,181)</b>	<b>(65,513,719)</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 19 Due to banks and other financial institutions

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Banks operating in the Chinese mainland	<b>64,694,843</b>	100,387,985
Other financial institutions operating in the Chinese mainland	<b>344,150,585</b>	268,257,819
Banks operating outside the Chinese mainland	<b>35,999</b>	2,350,250
Accrued interest	<b>2,286,895</b>	1,543,151
<b>Total</b>	<b>411,168,322</b>	372,539,205

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Banks operating in the Chinese mainland	<b>64,719,855</b>	100,387,985
Other financial institutions operating in the Chinese mainland	<b>344,150,585</b>	268,308,357
Banks operating outside the Chinese mainland	<b>35,999</b>	2,350,250
Accrued interest	<b>2,286,895</b>	1,543,209
<b>Total</b>	<b>411,193,334</b>	372,589,801

### 20 Placements from banks and other financial institutions

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Banks operating in the Chinese mainland	<b>86,860,441</b>	60,952,194
Banks operating outside the Chinese mainland	<b>1,801,971</b>	3,935,354
Accrued interest	<b>117,405</b>	169,493
<b>Total</b>	<b>88,779,817</b>	65,057,041

## VII Notes to the financial statements (continued)

### 21 Financial liabilities held for trading

	The Group and the Bank	
	31 December 2023	31 December 2022
Precious metal contracts and others	217,308	134,228
Total	217,308	134,228

### 22 Financial assets sold under repurchase agreements

	The Group and the Bank	
	31 December 2023	31 December 2022
Bonds		
– Commercial banks and other financial institutions bonds	105,402,476	101,075,426
– Chinese government bonds	48,420,000	67,852,574
Sub-total	153,822,476	168,928,000
Notes	13,843,304	19,556,873
Accrued interest	57,133	96,836
Total	167,722,913	188,581,709



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 23 Customer deposits

	The Group and the Bank	
	31 December 2023	31 December 2022
Demand deposits		
– Corporate customers	<b>722,820,073</b>	711,140,505
– Personal customers	<b>158,852,747</b>	150,237,725
Time Deposits (including notice deposits)		
– Corporate customers	<b>691,251,037</b>	759,235,958
– Personal customers	<b>421,837,303</b>	375,578,926
Pledged deposits	<b>148,401,174</b>	142,080,540
Others	<b>1,062,688</b>	1,087,295
Sub-total	<b>2,144,225,022</b>	2,139,360,949
Accrued interest	<b>37,300,450</b>	30,537,508
Total	<b>2,181,525,472</b>	2,169,898,457

The deposits above include:

	The Group and the Bank	
	31 December 2023	31 December 2022
(1) Pledged deposits		
– Pledged deposits on bank acceptance notes	<b>105,924,855</b>	106,514,180
– Pledged deposits for letters of credit	<b>12,379,958</b>	9,918,033
– Pledged deposits for letters of guarantee	<b>3,877,051</b>	2,258,919
– Other pledged deposits	<b>26,219,310</b>	23,389,408
Total	<b>148,401,174</b>	142,080,540
(2) Outward and inward remittance	<b>384,162</b>	422,175

## VII Notes to the financial statements (continued)

### 24 Employee benefits payable

	The Group	
	31 December 2023	31 December 2022
Short-term employee benefits payable (a)	8,983,225	8,166,864
Defined contribution plans payable (b)	302,389	211,499
Termination benefits payable (c)	15	–
<b>Total</b>	<b>9,285,629</b>	<b>8,378,363</b>

	The Bank	
	31 December 2023	31 December 2022
Short-term employee benefits payable (a)	8,956,784	8,130,525
Defined contribution plans payable (b)	302,097	211,499
Termination benefits payable (c)	15	–
<b>Total</b>	<b>9,258,896</b>	<b>8,342,024</b>

#### (a) Short-term employee benefits

	The Group			
	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Wages and salaries, bonus, allowances and subsidies	7,568,597	11,646,212	(10,670,223)	8,544,586
Staff welfare	27,151	500,807	(502,555)	25,403
Social security contributions				
Including: Medical insurance	6,580	623,530	(620,873)	9,237
Work injury insurance	375	17,854	(17,852)	377
Maternity insurance	1,041	1,303	(1,464)	880
Housing funds	9,201	936,173	(935,469)	9,905
Labour union funds and employee education funds	58,487	322,433	(319,827)	61,093
Other short-term employee benefits	495,432	910,619	(1,074,307)	331,744
<b>Total</b>	<b>8,166,864</b>	<b>14,958,931</b>	<b>(14,142,570)</b>	<b>8,983,225</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 24 Employee benefits payable (continued)

#### (a) Short-term employee benefits (continued)

	The Group			
	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Wages and salaries, bonus, allowances and subsidies	7,351,604	11,138,000	(10,921,007)	7,568,597
Staff welfare	41,840	495,033	(509,722)	27,151
Social security contributions				
Including: Medical insurance	7,079	568,317	(568,816)	6,580
Work injury insurance	392	14,943	(14,960)	375
Maternity insurance	873	9,754	(9,586)	1,041
Housing funds	9,486	871,161	(871,446)	9,201
Labour union funds and employee education funds	78,245	271,246	(291,004)	58,487
Other short-term employee benefits	598,507	1,076,675	(1,179,750)	495,432
<b>Total</b>	<b>8,088,026</b>	<b>14,445,129</b>	<b>(14,366,291)</b>	<b>8,166,864</b>

	The Bank			
	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Wages and salaries, bonus, allowances and subsidies	7,532,257	11,582,985	(10,594,572)	8,520,670
Staff welfare	27,151	494,678	(497,370)	24,459
Social security contributions				
Including: Medical insurance	7,817	618,439	(618,271)	7,985
Work injury insurance	375	17,790	(17,793)	372
Maternity insurance	1,041	1,303	(1,464)	880
Housing funds	9,455	931,382	(931,127)	9,710
Labour union funds and employee education funds	58,487	320,956	(318,480)	60,963
Other short-term employee benefits	493,942	910,606	(1,072,803)	331,745
<b>Total</b>	<b>8,130,525</b>	<b>14,878,139</b>	<b>(14,051,880)</b>	<b>8,956,784</b>

## VII Notes to the financial statements (continued)

### 24 Employee benefits payable (continued)

#### (a) Short-term employee benefits (continued)

	The Bank			
	31 December 2021	Increase in the current year	Decrease in the current year	31 December 2022
Wages and salaries, bonus, allowances and subsidies	7,322,333	11,046,278	(10,836,354)	7,532,257
Staff welfare	41,840	492,363	(507,052)	27,151
Social security contributions				
Including: Medical insurance	7,079	564,118	(563,380)	7,817
Work injury insurance	392	14,880	(14,897)	375
Maternity insurance	873	9,754	(9,586)	1,041
Housing funds	9,486	866,500	(866,531)	9,455
Labour union funds and employee education funds	78,245	269,253	(289,011)	58,487
Other short-term employee benefits	598,507	1,076,611	(1,181,176)	493,942
<b>Total</b>	<b>8,058,755</b>	<b>14,339,757</b>	<b>(14,267,987)</b>	<b>8,130,525</b>

#### (b) Defined contribution plans

	The Group			
	2023			
	Opening balance	Increase in the current year	Payment for the current year	Ending balance
Basic pensions	15,643	1,118,563	(1,117,796)	16,410
Unemployment insurance	490	45,527	(45,188)	829
Enterprise annuity	195,366	741,109	(651,325)	285,150
<b>Total</b>	<b>211,499</b>	<b>1,905,199</b>	<b>(1,814,309)</b>	<b>302,389</b>

	The Group			
	2022			
	Opening balance	Increase in the current year	Payment for the current year	Ending balance
Basic pensions	15,202	1,056,297	(1,055,856)	15,643
Unemployment insurance	460	31,708	(31,678)	490
Enterprise annuity	640,197	689,351	(1,134,182)	195,366
<b>Total</b>	<b>655,859</b>	<b>1,777,356</b>	<b>(2,221,716)</b>	<b>211,499</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 24 Employee benefits payable (continued)

#### (b) Defined contribution plans (continued)

	The Bank			
	2023			
	Opening balance	Increase in the current year	Payment for the current year	Ending balance
Basic pensions	15,643	1,112,162	(1,111,782)	16,023
Unemployment insurance	490	45,327	(44,995)	822
Enterprise annuity	195,366	736,101	(646,215)	285,252
Total	211,499	1,893,590	(1,802,992)	302,097

	The Bank			
	2022			
	Opening balance	Increase in the current year	Payment for the current year	Ending balance
Basic pensions	15,202	1,050,031	(1,049,590)	15,643
Unemployment insurance	460	31,512	(31,482)	490
Enterprise annuity	640,197	683,856	(1,128,687)	195,366
Total	655,859	1,765,399	(2,209,759)	211,499

#### (c) Termination benefits payable

	The Group and the Bank	
	2023	2022
Opening balance	-	-
Increase in the current year	5,626	4,657
Payment for the current year	(5,611)	(4,657)
Ending balance	15	-

## VII Notes to the financial statements (continued)

### 25 Taxes payable

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Enterprise income tax payable	<b>3,353,495</b>	7,074,630
VAT payable	<b>1,348,366</b>	1,671,137
City maintenance and construction tax payable	<b>103,596</b>	116,266
Educational surcharge payable	<b>74,116</b>	82,968
Others	<b>125,987</b>	131,904
<b>Total</b>	<b>5,005,560</b>	9,076,905

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Enterprise income tax payable	<b>3,346,892</b>	7,075,109
VAT payable	<b>1,346,252</b>	1,665,602
City maintenance and construction tax payable	<b>103,468</b>	115,878
Educational surcharge payable	<b>73,831</b>	82,691
Others	<b>125,429</b>	130,927
<b>Total</b>	<b>4,995,872</b>	9,070,207

### 26 Provisions

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Loan commitments and financial guarantee contracts (i)	<b>2,063,614</b>	2,730,620
Estimated losses of cases and litigations (ii)	<b>51,284</b>	45,803
Others	<b>21,313</b>	58,301
<b>Total</b>	<b>2,136,211</b>	2,834,724

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Loan commitments and financial guarantee contracts (i)	<b>2,063,614</b>	2,730,620
Estimated losses of cases and litigations (ii)	<b>51,284</b>	45,803
Others	<b>19,680</b>	56,668
<b>Total</b>	<b>2,134,578</b>	2,833,091

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 26 Provisions (continued)

- (i) Movements in provision for expected credit impairment of loan commitments and financial guarantees contracts:

	The Group and the Bank			
	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2023	(2,017,519)	(553,127)	(159,974)	(2,730,620)
Increase in the current year	(1,538,202)	(107,814)	(866)	(1,646,882)
Reversal in the current year	1,756,380	412,028	145,480	2,313,888
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	32,637	(32,637)	-	-
Transfer from Stage 1 to Stage 3	21	-	(21)	-
Transfer from Stage 2 to Stage 1	(141,540)	141,540	-	-
Transfer from Stage 2 to Stage 3	-	17	(17)	-
Transfer from Stage 3 to Stage 2	-	(263)	263	-
Transfer from Stage 3 to Stage 1	(8,279)	-	8,279	-
31 December 2023	(1,916,502)	(140,256)	(6,856)	(2,063,614)

	The Group and the Bank			
	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2022	(2,107,178)	(359,785)	(365,077)	(2,832,040)
Increase in the current year	(2,380,762)	(137,613)	(36,195)	(2,554,570)
Reversal in the current year	1,935,133	358,330	362,527	2,655,990
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	414,123	(414,123)	-	-
Transfer from Stage 1 to Stage 3	121,229	-	(121,229)	-
Transfer from Stage 2 to Stage 1	(64)	64	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
31 December 2022	(2,017,519)	(553,127)	(159,974)	(2,730,620)



## VII Notes to the financial statements (continued)

### 26 Provisions (continued)

(ii) Movements in estimated losses for litigation are as follows:

	<b>The Group and the Bank</b>	
	<b>2023</b>	2022
Opening balance	<b>45,803</b>	452,639
Increase in the current year	<b>13,176</b>	80,598
Reversal in the current year	<b>(7,695)</b>	(240,232)
Payment for the current year	-	(247,202)
Ending balance	<b>51,284</b>	45,803

As at 31 December 2023, the Group and the Bank were the defendants or the third parties in certain pending litigations, with gross claims of RMB12,880 million (31 December 2022: RMB13,026 million). Based on the opinions of internal or external lawyers of the Group and the Bank, provision has been made for the estimated losses of these litigations and disputes. Management of the Group and the Bank are of the view that the provision made is reasonable and adequate.

### 27 Lease liabilities

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Lease liabilities	<b>4,880,325</b>	4,973,328

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Lease liabilities	<b>4,857,469</b>	4,934,586

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 28 Bonds issued

		The Group and the Bank	
		31 December 2023	31 December 2022
Interbank negotiable certificates of deposit	(i)	<b>189,963,916</b>	205,476,659
Financial bonds	(ii)	<b>51,999,962</b>	51,999,928
Tier two capital bonds	(iii)	<b>33,499,578</b>	33,499,529
Accrued interest		<b>710,246</b>	743,017
Total		<b>276,173,702</b>	291,719,133

(i) As at 31 December 2023, the Bank held 132 (31 December 2022: 149) outstanding interbank negotiable certificates of deposit, with a total face value of RMB191,264 million (31 December 2022: RMB206,596 million) and periods of 3 months to 12 months (31 December 2022: 3 months to 12 months), and 127 (31 December 2022: 141) of them were under zero-coupon.

(ii) The Bank issued 3-year fixed interest rate financial bonds with a face value of RMB30 billion on 12 November 2021. The coupon interest rate is 3.03% per annum.

The Bank issued 3-year fixed interest rate financial bonds with a face value of RMB22 billion on 26 May 2022. The coupon interest rate is 2.70% per annum.

(iii) The Bank issued 10-year tier two capital fixed interest rate bonds with a face value of RMB30 billion on 30 October 2020. The coupon interest rate is 4.26% per annum. The Bank has an option to redeem the bonds at the end of the fifth year. If the Bank does not exercise the option of redemption, the coupon interest rate of the bonds will remain unchanged from the sixth year for the next five years till maturity. The Bank issued 15-year tier two capital fixed interest rate bonds with a face value of RMB3.5 billion on 30 October 2020. The coupon interest rate is 4.51% per annum. The Bank has an option to redeem the bonds at the end of the tenth year. If the Bank does not exercise the option of redemption, the coupon interest rate of the bonds will remain unchanged from the eleventh year for the next five years till maturity.

## VII Notes to the financial statements (continued)

### 29 Other liabilities

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Contract liabilities (i)	<b>5,239,590</b>	7,177,734
Accrued expenses	<b>2,055,832</b>	2,121,533
Suspense account for clearing	<b>1,035,170</b>	1,692,128
Payables for fund subscription	<b>854,172</b>	336,700
Continuing involvement in liabilities (Note VII. 17(i))	<b>734,668</b>	734,668
Payables for purchase of long-term assets	<b>299,698</b>	237,456
Payables arising from the transferred credit assets	<b>285,252</b>	194,553
Long-suspended outstanding payments	<b>187,064</b>	198,332
Deferred income	<b>26,192</b>	318,522
Others	<b>681,391</b>	775,290
<b>Total</b>	<b>11,399,029</b>	13,786,916

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Contract liabilities (i)	<b>5,239,590</b>	7,177,734
Accrued expenses	<b>2,048,265</b>	2,116,210
Suspense account for clearing	<b>1,035,166</b>	1,692,128
Payables for fund subscription	<b>854,172</b>	336,700
Continuing involvement in liabilities (Note VII. 17(i))	<b>734,668</b>	734,668
Payables for purchase of long-term assets	<b>224,971</b>	233,302
Payables arising from the transferred credit assets	<b>285,252</b>	194,553
Long-suspended outstanding payments	<b>187,064</b>	198,332
Deferred income	<b>26,192</b>	318,522
Others	<b>687,708</b>	826,661
<b>Total</b>	<b>11,323,048</b>	13,828,810

- (i) As at 31 December 2023 and 31 December 2022, the obligation of the Group and the Bank to transfer goods or services to customers according to consideration received has been presented as other liabilities – contract liability.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 30 Share capital

	The Bank	
	31 December 2023	31 December 2022
Ordinary shares (share)	21,789,860,711	21,789,860,711
Ordinary share capital (RMB)	21,789,860,711	21,789,860,711

The registered currency of the Bank's paid-in capital is RMB. As at 31 December 2023, the Bank's total share capital is 21,789,860,711 shares (31 December 2022: 21,789,860,711 shares), with par value per share of RMB1.

### 31 Other equity instruments

	The Group and the Bank			
	31 December 2023		31 December 2022	
	Quantity (million shares)	Carrying amount	Quantity (million shares)	Carrying amount
Perpetual bonds (i)				
Undated capital bonds	4.50	44,991,071	4.50	44,991,071

- (i) With the approvals by relevant regulatory authorities, the Bank issued RMB45 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market on 25 September 2019, and completed the issuance on 27 September 2019. The denomination of the Bonds is RMB100 each, and the annual coupon interest rate of the Bonds for the first five years is 4.5%, resetting every 5 years.

The duration of the Bonds is the same as the continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the former CBIRC, the Bank may redeem the Bonds in whole or in part on each distribution payment date 5 years after the issuance date (including the interest payment date in the 5th year after the issuance date) of the Bonds. Upon the occurrence of a trigger event for write-downs, with the consent of the former CBIRC and without the consent of the bondholders, the Bank has the right to write down all or part of the above Bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors that rank in priority to the claims of the Bonds; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid by non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at their discretion utilise the proceeds from the cancelled distribution to meet other obligations of maturing debts. Except for the restrictions on the distribution on ordinary shares, the cancellation of distributions on the Bond in whole or in part shall not constitute any other restrictions on the Bank.

## VII Notes to the financial statements (continued)

### 32 Capital reserve

	The Group and the Bank	
	31 December 2023	31 December 2022
Share premium	53,315,958	53,315,958

### 33 Other comprehensive income

#### (1) Statement of other comprehensive income in the balance sheet

	The Group		
	31 December 2023		
	Amount before tax	Income tax	Net amount after tax
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of other equity investments	2,414,186	(603,547)	1,810,639
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of other debt investments	1,486,326	(371,582)	1,114,744
Provision for credit impairment of other debt investments	378,061	(94,515)	283,546
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	(19,884)	4,971	(14,913)
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	196,672	(49,168)	147,504
Exchange differences on translation of financial statements and others	188,206	–	188,206
Sub-total	2,229,381	(510,294)	1,719,087
Total other comprehensive income	4,643,567	(1,113,841)	3,529,726

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 33 Other comprehensive income (continued)

#### (1) Statement of other comprehensive income in the balance sheet (continued)

	The Group		
	31 December 2022		
	Amount before tax	Income tax	Net amount after tax
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of other equity investments	(228,379)	57,095	(171,284)
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of other debt investments	474,671	(118,667)	356,004
Provision for credit impairment of other debt investments	389,708	(97,427)	292,281
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	(345,609)	86,402	(259,207)
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	331,171	(82,793)	248,378
Exchange differences on translation of financial statements and others	193,820	–	193,820
Sub-total	1,043,761	(212,485)	831,276
Total other comprehensive income	815,382	(155,390)	659,992





# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 33 Other comprehensive income (continued)

#### (2) Statement of other comprehensive income in the income statement

	The Group			
	2023			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Other comprehensive income that will not be reclassified to profit or loss				
Changes in fair value of other equity investments	2,613,576	-	(660,642)	1,952,934
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	2,264,190	(1,252,535)	(252,915)	758,740
Provision for credit impairment of other debt investments	(11,647)	-	2,912	(8,735)
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	702,415	(376,690)	(81,431)	244,294
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	(134,499)	-	33,625	(100,874)
Exchange differences on translation of financial statements and others	(5,614)	-	-	(5,614)
Total	5,428,421	(1,629,225)	(958,451)	2,840,745

## VII Notes to the financial statements (continued)

### 33 Other comprehensive income (continued)

#### (2) Statement of other comprehensive income in the income statement (continued)

	The Group			
	2022			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Other comprehensive income that will not be reclassified to profit or loss				
Changes in fair value of other equity investments	(17,678)	-	4,420	(13,258)
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	(1,718,976)	(1,815,336)	883,579	(2,650,733)
Provision for credit impairment of other debt investments	221,249	-	(55,312)	165,937
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	378,925	(802,947)	106,005	(318,017)
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	(76,819)	-	19,204	(57,615)
Exchange differences on translation of financial statements and others	108,252	-	-	108,252
Total	(1,105,047)	(2,618,283)	957,896	(2,765,434)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 33 Other comprehensive income (continued)

#### (2) Statement of other comprehensive income in the income statement (continued)

	The Bank			
	2023			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Other comprehensive income that will not be reclassified to profit or loss				
Changes in fair value of other equity investments	2,613,576	-	(660,642)	1,952,934
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	2,260,147	(1,252,535)	(251,904)	755,708
Provision for credit impairment of other debt investments	(11,647)	-	2,912	(8,735)
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	702,415	(376,690)	(81,431)	244,294
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	(134,499)	-	33,625	(100,874)
Exchange differences on translation of financial statements and others	(5,912)	-	-	(5,912)
Total	5,424,080	(1,629,225)	(957,440)	2,837,415

## VII Notes to the financial statements (continued)

### 33 Other comprehensive income (continued)

#### (2) Statement of other comprehensive income in the income statement (continued)

	The Bank			
	2022			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Other comprehensive income that will not be reclassified to profit or loss				
Changes in fair value of other equity investments	(17,678)	-	4,420	(13,258)
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	(1,718,881)	(1,815,336)	883,555	(2,650,662)
Provision for credit impairment of other debt investments	221,249	-	(55,312)	165,937
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	378,925	(802,947)	106,005	(318,017)
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	(76,819)	-	19,204	(57,615)
Exchange differences on translation of financial statements and others	108,276	-	-	108,276
<b>Total</b>	<b>(1,104,928)</b>	<b>(2,618,283)</b>	<b>957,872</b>	<b>(2,765,339)</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 34 Surplus reserve

	The Group and the Bank	
	2023	2022
Opening balance	15,807,498	14,273,705
Increase in the current year	1,579,861	1,533,793
Ending balance	17,387,359	15,807,498

- (a) In accordance with the *Company Law of the People's Republic of China* and the Articles of Association of the Bank, the Bank and its subsidiaries should appropriate 10% of profit for the year for the year to the statutory surplus reserve, and the Bank can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

### 35 General reserve

	The Group	
	2023	2022
Opening balance	40,659,845	38,099,646
Increase in the current year	23,956	2,560,199
Ending balance	40,683,801	40,659,845

	The Bank	
	2023	2022
Opening balance	40,464,845	38,099,646
Increase in the current year	–	2,365,199
Ending balance	40,464,845	40,464,845

Pursuant to relevant banking laws and regulations in China, from 1 July 2012, the Bank appropriated statutory general reserve from profit for the year through appropriation of profit in accordance with the *Administrative Measures for the Provision of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20). The proportion of statutory general reserve appropriated is determined by the Bank, taking into account the risks it assumes and other factors. The proportion is generally no less than 1.5% of the ending balance of risk assets. The statutory general reserve is an integral part of shareholders' equity but not subject to dividend distribution. The Bank's subsidiaries also appropriate corresponding general risk reserve based on the regulatory requirements.

## VII Notes to the financial statements (continued)

### 36 Appropriation of profit

(a) According to relevant laws and regulations, the Bank planned the following distributions of profits for the year ended 31 December 2023:

- Appropriated 10% of profit for the year, amounting to RMB1,580 million to the statutory surplus reserve;
- Distributed cash dividends of RMB0.804 (tax inclusive) per 10 shares to shareholders registered in the share ledger, amounting to a total dividends of RMB1,752 million. The dividend payable is not reflected in liabilities of the financial statements.

The above plans of distributions of profits were pending approval of General Meeting.

(b) At the 2022 Annual General Meeting held on 20 June 2023, the shareholders approved the following appropriations of profits of the bank for the year ended 31 December 2022:

- Appropriated 10% of profit for the year, amounting to RMB1,534 million to the statutory surplus reserve;
- Appropriated RMB2,365 million to the general reserve;
- Distributed cash dividends of RMB0.78 (tax inclusive) per 10 shares to shareholders registered in the share ledger, amounting to a total dividends of RMB1,700 million.

(c) The Bank paid interest on the 2019 undated capital bonds of RMB2,025 million (2022: RMB2,025 million) on 23 September 2023.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 37 Net interest income

	The Group	
	2023	2022
Interest income		
Due from central banks	<b>2,612,888</b>	2,739,511
Due from banks and other financial institutions	<b>154,421</b>	99,770
Placements with banks and other financial institutions	<b>1,912,666</b>	1,977,044
Financial assets held under resale agreements	<b>1,489,603</b>	2,086,030
Loans and advances to customers		
– Corporate loans and advances	<b>37,248,652</b>	37,341,871
– Personal loans and advances (a)	<b>53,205,503</b>	57,959,044
– Discounted notes	<b>4,410,151</b>	5,517,087
Financial investment	<b>24,557,981</b>	21,623,548
Sub-total	<b>125,591,865</b>	129,343,905
Interest expenses		
Borrowings from central banks	<b>(762,514)</b>	(303,577)
Due to banks and other financial institutions	<b>(8,605,710)</b>	(8,423,283)
Placements from banks and other financial institutions	<b>(2,309,477)</b>	(935,968)
Financial assets sold under repurchase agreements	<b>(1,783,850)</b>	(979,182)
Customer deposits	<b>(53,370,820)</b>	(53,856,054)
Bonds issued	<b>(7,690,939)</b>	(9,018,451)
Sub-total	<b>(74,523,310)</b>	(73,516,515)
Net interest income	<b>51,068,555</b>	55,827,390



## VII Notes to the financial statements (continued)

### 37 Net interest income (continued)

	The Bank	
	2023	2022
Interest income		
Due from central banks	<b>2,612,888</b>	2,739,511
Due from banks and other financial institutions	<b>146,800</b>	55,790
Placements with banks and other financial institutions	<b>1,912,666</b>	1,977,044
Financial assets held under resale agreements	<b>1,489,362</b>	2,086,030
Loans and advances to customers		
– Corporate loans and advances	<b>37,248,652</b>	37,341,871
– Personal loans and advances (a)	<b>53,205,503</b>	57,959,044
– Discounted notes	<b>4,410,151</b>	5,517,087
Financial investment	<b>24,457,959</b>	21,573,580
Sub-total	<b>125,483,981</b>	129,249,957
Interest expenses		
Borrowings from central banks	<b>(762,514)</b>	(303,577)
Due to banks and other financial institutions	<b>(8,607,729)</b>	(8,428,245)
Placements from banks and other financial institutions	<b>(2,309,477)</b>	(935,968)
Financial assets sold under repurchase agreements	<b>(1,783,850)</b>	(979,182)
Customer deposits	<b>(53,370,820)</b>	(53,856,054)
Bonds issued	<b>(7,690,939)</b>	(9,018,451)
Sub-total	<b>(74,525,329)</b>	(73,521,477)
Net interest income	<b>50,958,652</b>	55,728,480

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 38 Net fee and commission income

	The Group	
	2023	2022
Fee and commission income		
Bank card fees	<b>12,570,790</b>	13,273,096
Agency service fees	<b>1,110,794</b>	1,111,792
Guarantee and commitment fees	<b>802,883</b>	720,626
Settlement and clearing fees	<b>676,380</b>	590,543
Commission on trust and fiduciary activities	<b>581,483</b>	567,437
Debenture underwriting fees	<b>465,444</b>	496,946
Commission on wealth management products	<b>431,662</b>	392,830
Consultancy and advisory fees	<b>294,723</b>	251,830
Others	<b>79,012</b>	79,603
Sub-total	<b>17,013,171</b>	17,484,703
Fee and commission expenses		
Bank card fees	<b>(4,564,263)</b>	(4,427,499)
Settlement and clearing fees	<b>(229,939)</b>	(222,279)
Agency expenses	<b>(122,994)</b>	(132,567)
Others	<b>(241,429)</b>	(321,916)
Sub-total	<b>(5,158,625)</b>	(5,104,261)
Net fee and commission income	<b>11,854,546</b>	12,380,442

## VII Notes to the financial statements (continued)

### 38 Net fee and commission income (continued)

	The Bank	
	2023	2022
Fee and commission income		
Bank card fees	<b>12,570,790</b>	13,273,096
Agency service fees	<b>1,110,794</b>	1,111,792
Guarantee and commitment fees	<b>802,883</b>	720,626
Settlement and clearing fees	<b>676,380</b>	590,543
Commission on trust and fiduciary activities	<b>581,483</b>	567,437
Debenture underwriting fees	<b>465,444</b>	496,946
Commission on wealth management products	<b>188,544</b>	274,136
Consultancy and advisory fees	<b>294,723</b>	251,830
Others	<b>79,012</b>	79,604
Sub-total	<b>16,770,053</b>	17,366,010
Fee and commission expenses		
Bank card fees	<b>(4,564,263)</b>	(4,427,499)
Settlement and clearing fees	<b>(229,939)</b>	(222,279)
Agency expenses	<b>(123,905)</b>	(292,040)
Others	<b>(241,429)</b>	(321,903)
Sub-total	<b>(5,159,536)</b>	(5,263,721)
Net fee and commission income	<b>11,610,517</b>	12,102,289

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 39 Investment income

	<b>The Group</b>	
	<b>2023</b>	2022
Gains on financial instruments at fair value through profit or loss	<b>2,998,977</b>	5,223,468
Gains on disposal of other debt investments at fair value through other comprehensive income	<b>1,252,535</b>	1,815,336
Gains on derecognition of debt investments at amortised cost	<b>1,059,419</b>	693,172
Losses on derivative financial instruments	<b>(67,409)</b>	(52,477)
Precious metal investment losses	<b>(85,860)</b>	(38,504)
Net losses on financial liabilities at fair value through profit or loss	<b>(37,355)</b>	(3,064)
Others	<b>433,648</b>	896,552
<b>Total</b>	<b>5,553,955</b>	8,534,483

	<b>The Bank</b>	
	<b>2023</b>	2022
Gains on financial instruments at fair value through profit or loss	<b>2,957,140</b>	5,206,368
Gains on disposal of other debt investments at fair value through other comprehensive income	<b>1,252,535</b>	1,815,336
Gains on derecognition of debt investments at amortised cost	<b>1,059,419</b>	693,172
Gains on derivative financial instruments	<b>(67,409)</b>	(52,477)
Precious metal investment losses	<b>(85,860)</b>	(38,504)
Net losses on financial liabilities at fair value through profit or loss	<b>(37,355)</b>	(3,064)
Others	<b>433,648</b>	896,552
<b>Total</b>	<b>5,512,118</b>	8,517,383

## VII Notes to the financial statements (continued)

### 40 Gains/(Losses) arising from changes in fair value

	<b>The Group</b>	
	<b>2023</b>	2022
Financial assets held for trading, precious metals and others	<b>942,310</b>	(2,315,022)
Derivative financial assets and derivative financial liabilities	<b>(63,345)</b>	(60,586)
<b>Total</b>	<b>878,965</b>	(2,375,608)

	<b>The Bank</b>	
	<b>2023</b>	2022
Financial assets held for trading, precious metals and others	<b>919,506</b>	(2,308,364)
Derivative financial assets and derivative financial liabilities	<b>(63,345)</b>	(60,586)
<b>Total</b>	<b>856,161</b>	(2,368,950)

### 41 Foreign exchange gains/(losses)

Foreign exchange gains/(losses) mainly consist of the gains or losses on conversion of foreign currency assets and liabilities, the realised gains or losses and unrealised changes in the fair value arising from foreign exchange derivatives.

### 42 Gains from disposal of non-current assets

	<b>The Group and the Bank</b>	
	<b>2023</b>	2022
Gains on disposals of fixed assets	<b>4,935</b>	52,738
Losses on disposals of repossessed assets	<b>(161)</b>	(25,474)
Gains on disposals of right-of-use assets	<b>15,415</b>	1,732
<b>Total</b>	<b>20,189</b>	28,996

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 43 Other income

	The Group	
	2023	2022
Government grants – Income related	23,562	53,165

	The Bank	
	2023	2022
Government grants – Income related	12,725	30,565

### 44 Taxes and surcharges

	The Group	
	2023	2022
City maintenance and construction tax	434,278	449,386
Educational surcharge	311,397	317,176
Property tax	112,701	110,703
Stamp tax	50,472	52,908
Others	6,577	7,428
<b>Total</b>	<b>915,425</b>	<b>937,601</b>

	The Bank	
	2023	2022
City maintenance and construction tax	433,382	448,559
Educational surcharge	310,756	316,510
Property tax	112,700	110,703
Stamp tax	50,313	51,568
Others	6,570	7,428
<b>Total</b>	<b>913,721</b>	<b>934,768</b>

## VII Notes to the financial statements (continued)

### 45 Operating and administrative expenses

	<b>The Group</b>	
	<b>2023</b>	2022
Employee benefits and welfare	<b>16,295,058</b>	15,658,209
Depreciation, amortisation and leasing fees	<b>4,611,115</b>	4,440,525
Outsourcing service fees	<b>1,501,051</b>	1,447,025
General operating expenses	<b>1,042,627</b>	1,052,532
Others	<b>3,658,304</b>	3,915,499
<b>Total</b>	<b>27,108,155</b>	26,513,790

	<b>The Bank</b>	
	<b>2023</b>	2022
Employee benefits and welfare	<b>16,201,892</b>	15,540,882
Depreciation, amortisation and leasing fees	<b>4,568,790</b>	4,403,209
Outsourcing service fees	<b>1,493,364</b>	1,443,676
General operating expenses	<b>1,039,909</b>	1,051,681
Others	<b>3,634,936</b>	3,898,439
<b>Total</b>	<b>26,938,891</b>	26,337,887



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 46 Credit impairment losses

	<b>The Group</b>	
	<b>2023</b>	2022
Loans and advances to customers		
– Loans and advances to customers measured at amortised cost	<b>23,506,744</b>	28,555,307
– Loans and advances to customers measured at fair value through other comprehensive income	<b>(134,499)</b>	(76,819)
Financial investment		
– Debt investments	<b>(136,451)</b>	114,543
– Other debt investments	<b>(11,647)</b>	221,249
Provisions for guarantee and commitment	<b>(667,006)</b>	(101,420)
Placements with banks and other financial institutions	<b>27,815</b>	(17,815)
Others	<b>79,048</b>	58,122
<b>Total</b>	<b>22,664,004</b>	28,753,167
	<b>The Bank</b>	
	<b>2023</b>	2022
Loans and advances to customers		
– Loans and advances to customers measured at amortised cost	<b>23,506,744</b>	28,555,307
– Loans and advances to customers measured at fair value through other comprehensive income	<b>(134,499)</b>	(76,819)
Financial investment		
– Debt investments	<b>(136,330)</b>	114,273
– Other debt investments	<b>(11,647)</b>	221,249
Provisions for guarantee and commitment	<b>(667,006)</b>	(101,420)
Placements with banks and other financial institutions	<b>27,815</b>	(17,815)
Others	<b>79,010</b>	58,095
<b>Total</b>	<b>22,664,087</b>	28,752,870

## VII Notes to the financial statements (continued)

### 47 Non-operating income and expenses

#### *Non-operating income*

	<b>The Group</b>	
	<b>2023</b>	2022
Write back of income from long-term undrawn payments	<b>12,039</b>	32,075
Government grants unrelated to daily activities	<b>20,194</b>	31,995
Penalty and overdue fine	<b>38,648</b>	17,821
Write back of long-term payables	<b>10</b>	159
Others	<b>15,163</b>	23,536
<b>Total</b>	<b>86,054</b>	105,586

	<b>The Bank</b>	
	<b>2023</b>	2022
Write back of income from long-term undrawn payments	<b>12,039</b>	32,075
Government grants unrelated to daily activities	<b>20,188</b>	31,995
Penalty and overdue fine	<b>38,648</b>	17,821
Write back of long-term payables	<b>10</b>	159
Others	<b>15,105</b>	23,536
<b>Total</b>	<b>85,990</b>	105,586

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 47 Non-operating income and expenses (continued)

#### *Non-operating expenses*

	<b>The Group</b>	
	<b>2023</b>	2022
Accrual/(Reversal) of provisions	<b>5,481</b>	(159,634)
Penalty and compensation	<b>52,160</b>	105,592
Losses on fixed assets pending for disposal	<b>31,800</b>	14,502
Donation	<b>22,000</b>	3,535
Others	<b>126,869</b>	57,452
<b>Total</b>	<b>238,310</b>	21,447

	<b>The Bank</b>	
	<b>2023</b>	2022
Accrual/(Reversal) of provisions	<b>5,481</b>	(159,634)
Penalty and compensation	<b>52,160</b>	105,592
Losses on fixed assets pending for disposal	<b>31,800</b>	14,502
Donation	<b>22,000</b>	3,535
Others	<b>125,748</b>	57,427
<b>Total</b>	<b>237,189</b>	21,422

## VII Notes to the financial statements (continued)

### 48 Income tax expenses

	<b>The Group</b>	
	<b>2023</b>	2022
Current income tax	<b>3,430,151</b>	6,142,660
Deferred income tax	<b>(657,572)</b>	(2,581,611)
<b>Total</b>	<b>2,772,579</b>	3,561,049

	<b>The Bank</b>	
	<b>2023</b>	2022
Current income tax	<b>3,390,701</b>	6,101,621
Deferred income tax	<b>(655,422)</b>	(2,581,700)
<b>Total</b>	<b>2,735,279</b>	3,519,921

The reconciliation from income tax calculated based on the applicable tax rates and profit before income tax presented in the consolidated financial statements to the income tax expenses is listed below:

	<b>The Group</b>	
	<b>2023</b>	2022
Profit before income tax	<b>18,791,349</b>	19,089,303
Income tax expenses at statutory tax rate of 25%	<b>4,697,837</b>	4,772,326
Non-deductible expenses (Note (i))	<b>1,996,376</b>	2,577,400
Income not subject to income tax (Note (ii))	<b>(3,420,947)</b>	(3,283,295)
Income tax adjustment for prior years	<b>34,986</b>	–
Others	<b>(535,673)</b>	(505,382)
<b>Income tax expenses</b>	<b>2,772,579</b>	3,561,049

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 48 Income tax expenses (continued)

The reconciliation from income tax calculated based on the applicable tax rates and profit before income tax presented in the consolidated financial statements to the income tax expenses is listed below (continued):

	<b>The Bank</b>	
	<b>2023</b>	2022
Profit before income tax	<b>18,533,885</b>	18,857,854
Income tax expenses at statutory tax rate of 25%	<b>4,633,471</b>	4,714,464
Non-deductible expenses (Note (i))	<b>1,996,376</b>	2,577,400
Income not subject to income tax (Note (ii))	<b>(3,393,881)</b>	(3,266,561)
Income tax adjustment for prior years	<b>34,986</b>	–
Others	<b>(535,673)</b>	(505,382)
Income tax expenses	<b>2,735,279</b>	3,519,921

- (i) These amounts primarily represent staff costs in excess of the statutory deductible threshold, non-deductible entertainment expenses and impairment losses not expected to be approved by the tax authorities.
- (ii) These amounts primarily represent interest income from Chinese government bonds and local government bonds.

## VII Notes to the financial statements (continued)

### 49 Notes to the cash flow statement

#### (a) Reconciliation from profit for the year to cash flows from operating activities

	The Group	
	2023	2022
Profit for the year	16,018,770	15,528,254
Add: Other asset impairment losses	47,009	(56,819)
Credit impairment losses	22,664,004	28,753,167
Depreciation of right-of-use assets	1,586,414	1,674,507
Depreciation of fixed assets	1,006,872	936,715
Amortisation of intangible assets	1,457,286	1,179,482
Amortisation of long-term prepaid expenses	387,655	422,074
Gains on disposals of fixed assets, intangible assets and other long-term assets	(20,350)	(28,996)
Losses on scrapping of long-term assets	133,638	20,051
(Gains)/Losses from changes in fair value of foreign exchange derivatives	(767,114)	478,453
Losses arising from changes in fair value	(878,965)	2,375,608
Investment income	(5,320,127)	(7,770,090)
Interest income from investments	(24,557,981)	(21,623,548)
Interest expenses on bonds issued	7,690,939	9,018,451
Interest expenses on lease liabilities	174,681	190,104
Increase in deferred tax assets	(657,507)	(2,581,676)
(Decrease)/Increase in deferred tax liabilities	(65)	65
Increase in operating receivables	(29,551,560)	(104,528,348)
Increase in operating payables	96,878,703	37,352,689
Net cash flows (used in)/from operating activities	86,292,302	(38,659,857)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 49 Notes to the cash flow statement (continued)

#### (a) Reconciliation from profit for the year to cash flows from operating activities (continued)

	The Bank	
	2023	2022
Profit for the year	15,798,606	15,337,933
Add: Other asset impairment losses	47,009	(56,819)
Credit impairment losses	22,664,087	28,752,870
Depreciation of right-of-use assets	1,570,368	1,658,415
Depreciation of fixed assets	1,001,812	929,161
Amortisation of intangible assets	1,438,604	1,171,247
Amortisation of long-term prepaid expenses	385,117	416,639
Gains on disposals of fixed assets, intangible assets and other long-term assets	(20,350)	(28,996)
Losses on scrapping of long-term assets	133,457	56,621
(Gains)/Losses from changes in fair value of foreign exchange derivatives	(766,822)	478,453
Losses arising from changes in fair value	(856,161)	2,368,950
Investment income	(5,278,290)	(7,752,990)
Interest income from investments	(24,457,959)	(21,573,580)
Interest expenses on bonds issued	7,690,939	9,018,451
Interest expenses on lease liabilities	173,564	188,548
Increase in deferred tax assets	(655,422)	(2,581,700)
Increase in operating receivables	(29,568,016)	(108,470,673)
Increase in operating payables	96,806,920	37,430,907
Net cash flows (used in)/from operating activities	86,107,463	(42,656,563)



## VII Notes to the financial statements (continued)

### 49 Notes to the cash flow statement (continued)

#### (b) Net increase/(decrease) in cash and cash equivalents

	<b>The Group</b>	
	<b>2023</b>	2022
Cash at the end of the year	<b>3,014,310</b>	3,237,716
Less: Cash at the beginning of the year	<b>(3,237,716)</b>	(3,594,800)
Add: Cash equivalents at the end of the year	<b>205,916,543</b>	175,816,144
Less: Cash equivalents at the beginning of the year	<b>(175,816,144)</b>	(344,095,223)
Net increase/(decrease) in cash and cash equivalents	<b>29,876,993</b>	(168,636,163)

	<b>The Bank</b>	
	<b>2023</b>	2022
Cash at the end of the year	<b>3,014,310</b>	3,237,716
Less: Cash at the beginning of the year	<b>(3,237,716)</b>	(3,594,800)
Add: Cash equivalents at the end of the year	<b>205,574,680</b>	175,585,929
Less: Cash equivalents at the beginning of the year	<b>(175,585,929)</b>	(343,314,328)
Net increase/(decrease) in cash and cash equivalents	<b>29,765,345</b>	(168,085,483)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VII Notes to the financial statements (continued)

### 49 Notes to the cash flow statement (continued)

#### (c) Cash and cash equivalents

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Cash on hand	<b>3,014,310</b>	3,237,716
Due from central banks	<b>80,033,437</b>	35,704,489
Due from banks and other financial institutions	<b>10,118,197</b>	13,262,450
Placements with banks and other financial institutions and Financial assets held under resale agreements	<b>115,764,909</b>	126,849,205
<b>Total</b>	<b>208,930,853</b>	179,053,860

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Cash on hand	<b>3,014,310</b>	3,237,716
Due from central banks	<b>80,033,437</b>	35,704,489
Due from banks and other financial institutions	<b>9,776,334</b>	13,032,235
Placements with banks and other financial institutions and Financial assets held under resale agreements	<b>115,764,909</b>	126,849,205
<b>Total</b>	<b>208,588,990</b>	178,823,645

The original maturity of financial assets listed in cash equivalents are within 3 months.

## VIII Segment information

### 1 Operating segments

The Group manages its business by business lines and geographical areas. The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resource allocation and performance assessment. The Group defines reporting segments based on the following business operating segments:

#### ***Corporate banking business***

This segment provides financial products and services to corporations, government agencies and financial institutions. The range of products and services includes corporate loans, trade financing, deposit services, agency services, cash management services, finance consulting and advisory services, remittance and settlement services, and guarantee services.

#### ***Retail banking and credit card business***

This segment provides financial products and services to individual customers. The range of products and services includes loans, deposit services, wealth management services, remittance services, securities agency services and credit cards services, etc.

#### ***Treasury operations and other business***

This segment contains the income, profit achievements, assets and liabilities of GuangYin Wealth Management Co., Ltd.

Treasury operations and other business cover inter-bank market transactions, repurchase transactions, debenture investments and transactions, derivative financial instruments, custody services, asset management services, equity investments, foreign currency trading and segments that could not be listed separately or could not be divided by any reasonable benchmark. It also covers the management of the Group's overall liquidity position, including the issuance of bonds

Segment accounting policies are consistent with those for the Group's financial statements. Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer pricing are determined with reference to market price and have been reflected in the performance of each segment. Interest income and expenses earned from third parties are listed as "external net interest income/(expenses)". Net interest income and expenses arising from internal charges and transfer pricing adjustments are listed as "inter-segment net interest income/(expenses)".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets, and liabilities include intra-bank balances and intra-bank transactions that are eliminated in the preparation of the financial statements. Segment capital expenditure is the total cost incurred during the accounting period to acquire fixed assets, intangible assets, right-of-use assets, other long-term assets and new construction in process.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VIII Segment information (continued)

### 1 Operating segments (continued)

	The Group			
	2023			
	Corporate banking business	Retail banking and credit card business	Treasury operations and other business	Total
External net interest income	8,497,559	40,719,718	1,851,278	51,068,555
Inter-segment net interest income/(expenses)	11,860,196	(12,129,690)	269,494	-
Net interest income	20,357,755	28,590,028	2,120,772	51,068,555
Net fee and commission income	2,032,892	8,868,413	953,241	11,854,546
Investment income	390,400	5,408	5,158,147	5,553,955
Gains arising from changes in fair value	56,704	-	822,261	878,965
Foreign exchange gains	-	-	212,586	212,586
Other operating income	2,246	5,010	58,694	65,950
Gains from disposal of non-current assets	688	1,534	17,967	20,189
Other income	802	1,790	20,970	23,562
Revenue	22,841,487	37,472,183	9,364,638	69,678,308
Taxes and surcharges	(306,599)	(412,388)	(196,438)	(915,425)
Operating and administrative expenses	(10,060,147)	(15,604,708)	(1,443,300)	(27,108,155)
Impairment losses on assets	(6,320,038)	(16,431,524)	40,549	(22,711,013)
Including: Credit impairment (losses)/reversal	(6,318,839)	(16,425,494)	80,329	(22,664,004)
Other asset impairment (losses)/reversal	(1,199)	(6,030)	(39,780)	(47,009)
Other operating expenses	(35)	(51)	(24)	(110)
Operating expenses	(16,686,819)	(32,448,671)	(1,599,213)	(50,734,703)
Operating profit	6,154,668	5,023,512	7,765,425	18,943,605
Add: Non-operating income	508	2,456	83,090	86,054
Less: Non-operating expenses	(55,100)	(16,445)	(166,765)	(238,310)
Profit before income tax	6,100,076	5,009,523	7,681,750	18,791,349
Segment assets	1,122,231,202	888,890,614	1,498,399,755	3,509,521,571
Segment liabilities	1,608,579,061	590,207,449	1,033,750,775	3,232,537,285
Other segment information:				
Credit commitments	472,282,048	853,128,231	-	1,325,410,279
Depreciation and amortisation expenses	1,375,847	1,089,773	1,837,027	4,302,647
Capital expenditure	1,680,469	1,331,056	2,243,757	5,255,282

## VIII Segment information (continued)

### 1 Operating segments (continued)

	The Group			
	2022			
	Corporate banking business	Retail banking and credit card business	Treasury operations and other business	Total
External net interest income/(expenses)	9,694,385	46,457,382	(324,377)	55,827,390
Inter-segment net interest income/(expenses)	12,863,554	(16,575,207)	3,711,653	-
Net interest income	22,557,939	29,882,175	3,387,276	55,827,390
Net fee and commission income	1,956,493	9,845,819	578,130	12,380,442
Investment income	825,407	5,470	7,703,606	8,534,483
Losses arising from changes in fair value	(41,990)	-	(2,333,618)	(2,375,608)
Foreign exchange gains	-	-	642,016	642,016
Other operating expenses	864	3,548	58,662	63,074
Gains from disposal of non-current assets	397	1,631	26,968	28,996
Other income	729	2,991	49,445	53,165
Revenue	25,299,839	39,741,634	10,112,485	75,153,958
Taxes and surcharges	(303,117)	(447,779)	(186,705)	(937,601)
Operating and administrative expenses	(9,758,299)	(15,174,562)	(1,580,929)	(26,513,790)
Impairment losses on assets	(9,018,509)	(19,020,484)	(657,355)	(28,696,348)
Including: Credit impairment losses	(9,075,510)	(19,020,422)	(657,235)	(28,753,167)
Other asset impairment (losses)/reversal	57,001	(62)	(120)	56,819
Other operating expenses	(331)	(510)	(214)	(1,055)
Operating expenses	(19,080,256)	(34,643,335)	(2,425,203)	(56,148,794)
Operating profit	6,219,583	5,098,299	7,687,282	19,005,164
Add: Non-operating income	260	11,543	93,783	105,586
Less: Non-operating expenses	(54,734)	(31,782)	65,069	(21,447)
Profit before income tax	6,165,109	5,078,060	7,846,134	19,089,303
Segment assets	1,069,016,042	904,471,291	1,444,416,899	3,417,904,232
Segment liabilities	1,658,895,321	536,335,193	960,824,338	3,156,054,852
Other segment information:				
Credit commitments	488,856,651	850,341,459	-	1,339,198,110
Depreciation and amortisation expenses	1,325,545	1,121,515	1,791,032	4,238,092
Capital expenditure	2,396,066	2,027,260	3,237,485	7,660,811

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VIII Segment information (continued)

### 2 Geographical segments

The Bank operates principally in Mainland China. Apart from the Head Office, the Group has 49 direct branches in Beijing, Shanghai, Dalian, Shenyang, Zhengzhou, Nanjing, Hangzhou, Kunming, Guangzhou, Shenzhen, Dongguan, Zhuhai, Shantou, Meizhou, Huizhou, Shaoguan, Qingyuan, Zhongshan, Foshan, Jiangmen, Zhaoqing, Yangjiang, Zhanjiang, Wuhan, Maoming, Heyuan, Changsha, Tianjin, Harbin, Jinan, Urumqi, Chengdu, Fuzhou, Ningbo, Suzhou, Hefei, Chongqing, Xi'an, Shijiazhuang, Nanchang, Nanning, Taiyuan, Changchun, Guiyang, Qingdao, Haikou, Huhehaote, Macau Special Administration Region of the People's Republic of China ("Macau") and Hong Kong Special Administration Region of the People's Republic of China ("Hong Kong") respectively. Meanwhile, the Group has set up a capital operation centre and GuangYin Wealth Management Co., Ltd. in Shanghai.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches that generate the income. Assets and capital expenditure are allocated based on the geographical location of the underlying assets.

Geographical areas which are based on the location of the Group's organizations, as defined for management reporting purposes, are as follows:

- "Yangtze River Delta": Shanghai, Jiangsu Province and Zhejiang Province;
- "Pearl River Delta": Guangdong Province, Fujian Province and Hainan Province;
- "Bohai Rim": Beijing, Tianjin, Liaoning Province, Heilongjiang Province, Jilin Province, Shandong Province and Hebei Province;
- "Central and Western": Henan Province, Hubei Province, Hunan Province, Yunnan Province, Sichuan Province, Guizhou Province, Anhui Province, Shaanxi Province, Chongqing, Guangxi Zhuang Autonomous Region, Jiangxi Province, Shanxi Province Xinjiang Uygur Autonomous Region and Neimenggu Autonomous Region;

Head Office: Head Office and Credit Card Centre;

Overseas: Macau and Hong Kong

## VIII Segment information (continued)

### 2 Geographical segments (continued)

	The Group						Total
	2023						
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central and Western	Head Office	Overseas	
External net interest income/ (expenses)	11,953,653	(1,303,870)	(4,528,464)	8,815,953	36,024,837	106,446	51,068,555
Inter-segment net interest income/ (expenses)	(3,195,662)	13,447,919	10,601,614	(1,382,259)	(19,063,001)	(408,611)	-
Net interest income	8,757,991	12,144,049	6,073,150	7,433,694	16,961,836	(302,165)	51,068,555
Net fee and commission income	913,695	679,542	713,160	619,839	8,737,041	191,269	11,854,546
Investment income	4,876,131	113,839	28,914	98,611	283,705	152,755	5,553,955
Gains/(Losses) arising from changes in fair value	879,331	-	35,521	(1,075)	(34,812)	-	878,965
Foreign exchange gains/(losses)	234,107	82,837	118,661	26,478	(218,980)	(30,517)	212,586
Other operating expenses	11,536	24,681	16,901	25,878	(13,256)	210	65,950
Gains/(Losses) on disposals of assets	3,281	10,472	1,687	4,078	671	-	20,189
Other income	15,888	1,020	1,747	1,370	3,537	-	23,562
Revenue	15,691,960	13,056,440	6,989,741	8,208,873	25,719,742	11,552	69,678,308
Taxes and surcharges	(191,382)	(172,674)	(110,642)	(150,355)	(289,457)	(915)	(915,425)
Operating and administrative expenses	(3,656,892)	(5,840,499)	(3,569,162)	(3,654,133)	(10,186,783)	(200,686)	(27,108,155)
Impairment losses on assets	(1,911,163)	(2,712,264)	(126,307)	(2,750,597)	(14,435,004)	(775,678)	(22,711,013)
Including: Credit impairment losses	(1,871,383)	(2,706,234)	(126,307)	(2,749,398)	(14,435,004)	(775,678)	(22,664,004)
Other asset impairment losses	(39,780)	(6,030)	-	(1,199)	-	-	(47,009)
Other operating expenses	(1)	(29)	(2)	(2)	(76)	-	(110)
Operating expenses	(5,759,438)	(8,725,466)	(3,806,113)	(6,555,087)	(24,911,320)	(977,279)	(50,734,703)
Operating profit	9,932,522	4,330,974	3,183,628	1,653,786	808,422	(965,727)	18,943,605
Add: Non-operating income	8,956	53,586	4,256	14,434	4,596	226	86,054
Less: Non-operating expenses	(42,482)	(76,269)	(29,809)	(36,522)	(53,227)	(1)	(238,310)
Profit before income tax	9,898,996	4,308,291	3,158,075	1,631,698	759,791	(965,502)	18,791,349



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VIII Segment information (continued)

### 2 Geographical segments (continued)

	The Group						Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central and Western	Head Office	Overseas	
	2023						
Segment assets	1,612,755,759	874,854,434	626,634,635	414,385,063	757,368,114	67,391,313	4,353,389,318
Offsetting							(843,867,747)
Total assets							3,509,521,571
Segment liabilities	1,595,706,244	870,529,020	624,062,257	413,012,327	505,917,443	67,177,741	4,076,405,032
Offsetting							(843,867,747)
Total liabilities							3,232,537,285
Other segment information:							
Credit commitments	123,053,124	106,640,353	102,588,598	135,425,889	853,128,231	4,574,084	1,325,410,279
Depreciation and amortisation expenses	439,953	692,728	516,526	546,470	2,070,016	36,954	4,302,647
Capital expenditure	294,445	661,840	733,549	484,471	3,077,941	3,036	5,255,282

## VIII Segment information (continued)

### 2 Geographical segments (continued)

	The Group						Total
	2022	2022	2022	2022	2022	2022	
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central and Western	Head Office	Overseas	
External net interest income/ (expenses)	11,936,161	(127,941)	(3,813,236)	8,985,689	38,395,634	451,083	55,827,390
Inter-segment net interest income/ (expenses)	2,982,831	12,504,438	10,113,525	(1,109,960)	(24,238,283)	(252,551)	-
Net interest income	14,918,992	12,376,497	6,300,289	7,875,729	14,157,351	198,532	55,827,390
Net fee and commission income	885,413	672,085	619,925	559,637	9,353,846	289,536	12,380,442
Investment income	7,816,834	191,373	91,061	202,319	213,754	19,142	8,534,483
Gains/(Losses) arising from changes in fair value	(1,948,442)	2,215	4,938	14,977	(442,142)	(7,154)	(2,375,608)
Foreign exchange gains/(losses)	681,774	91,867	214,830	23,535	(370,049)	59	642,016
Other operating expenses	7,814	29,318	21,840	24,921	(20,819)	-	63,074
Gains/(Losses) on disposals of assets	(25,524)	32,683	2,193	19,079	565	-	28,996
Other income	31,754	3,406	4,042	4,863	9,100	-	53,165
Revenue	22,368,615	13,399,444	7,259,118	8,725,060	22,901,606	500,115	75,153,958
Taxes and surcharges	(154,868)	(181,153)	(107,874)	(152,220)	(340,526)	(960)	(937,601)
Operating and administrative expenses	(3,575,345)	(5,763,661)	(3,556,654)	(3,524,215)	(9,879,855)	(214,060)	(26,513,790)
Impairment losses on assets	(866,856)	(5,981,387)	(3,100,130)	(2,423,951)	(16,310,728)	(13,296)	(28,696,348)
Including: Credit impairment losses	(866,856)	(5,981,325)	(3,100,130)	(2,419,387)	(16,372,173)	(13,296)	(28,753,167)
Other asset impairment losses	-	(62)	-	(4,564)	61,445	-	56,819
Other operating expenses	(520)	(452)	(25)	(2)	(56)	-	(1,055)
Operating expenses	(4,597,589)	(11,926,653)	(6,764,683)	(6,100,388)	(26,531,165)	(228,316)	(56,148,794)
Operating profit	17,771,026	1,472,791	494,435	2,624,672	(3,629,559)	271,799	19,005,164
Add: Non-operating income	13,964	56,602	7,396	13,073	14,532	19	105,586
Less: Non-operating expenses	(28,314)	105,237	(39,944)	(5,746)	(52,680)	-	(21,447)
Profit before income tax	17,756,676	1,634,630	461,887	2,631,999	(3,667,707)	271,818	19,089,303

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## VIII Segment information (continued)

### 2 Geographical segments (continued)

	The Group						Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central and Western	Head Office	Overseas	
Segment assets	1,585,212,074	839,960,714	584,055,771	415,204,506	766,928,628	57,107,727	4,248,469,420
Offsetting							(830,565,188)
Total assets							3,417,904,232
Segment liabilities	1,561,445,744	838,337,410	583,958,302	412,855,313	533,782,269	56,241,002	3,986,620,040
Offsetting							(830,565,188)
Total liabilities							3,156,054,852
Other segment information:							
Credit commitments	129,691,451	102,375,904	96,839,337	155,240,257	850,341,459	4,709,702	1,339,198,110
Depreciation and amortisation expenses	448,343	748,581	547,260	577,789	1,877,953	38,166	4,238,092
Capital expenditure	673,569	1,340,046	1,091,080	1,262,637	3,291,399	2,080	7,660,811

## IX Subsidiaries

Subsidiaries included in the consolidation scope as at 31 December 2023 are as follows:

	Place of registration	Major business location	Nature of business	Shareholding (%)
GuangYin Wealth Management Co., Ltd. (a)	Shanghai, China	China	Issuing wealth management products, investing and managing the entrusted property of investors, etc	100%

- (a) On 1 December 2021, the Bank established GuangYin Wealth Management Co., Ltd.
- (b) The percentage of shareholding in GuangYin Wealth Management Co., Ltd. held by the Bank is 100%. The decisions on GuangYin Wealth Management Co., Ltd.'s relevant activities are made by the Board of Directors. The resolution of the Board of Directors should be subject to the consensus of a majority directors.

## X Related parties and related party transactions

### 1 Major shareholders and subsidiaries of the Group they belong to

The Bank has no controlling shareholders. According to the *Interim Measures for the Equity Management of Commercial Banks* (China Banking Regulatory Commission [2018] No. 1), the related parties of the Bank's major shareholders refer to shareholders who hold more than 5% of the Bank's shares or a shareholder who has a total share of less than 5% but has a significant impact on the Bank's operations and management. Among them, major influences include, but are not limited to, the dispatch of directors, supervisors or senior management personnel to the Bank. As at 31 December 2023, the related parties of the Bank's major shareholders were as follows:

	Place of registration	Registered Capital	Shareholding in the Bank as at 31 December 2023	Main operations	Relationship with the Bank	Nature or type of business	Legal representative
China Life Insurance Company Limited	Beijing	RMB28.265 billion	43.686%	Providing personal life insurance, group life insurance, accident insurance and health insurance products and services, etc.	Shareholders	Joint-stock enterprise	Bai Tao
CITIC Trust Co., Ltd.	Beijing	RMB11.276 billion	14.137%	Trust, investment funds, advisory and consulting, debenture underwriting, inherent property application, inter-bank money market transactions and other business permitted by regulations or approved by the former China Banking Regulatory Commission, etc.	Shareholders	Limited liability company	Lu Wei
State Grid Yingda International Holdings Corporation, Ltd.	Beijing	RMB102.2 billion	8.919%	Investment and asset management; asset custody; services for corporate restructuring, mergers and acquisitions, strategic allotment and venture capital; investment consultant	Shareholders	Limited liability company	Yang Dongwei
Jiangxi Provincial Transportation Investment Group Co., Ltd.	Nanchang	RMB9.505 billion	8.184%	Investment, construction and operation of expressway infrastructure, operation of expressway service area and construction of transportation infrastructure, etc.	Shareholder	Limited liability company	Xie Jianfa
The Ministry of Finance of the People's Republic of China (a)	Beijing	/	5.218%	/	Shareholder	/	/
Guangzhou Urban Construction Investment Group Co., Ltd. (b)	Guangzhou	RMB17.524 billion	3.414%	Municipal facilities management, investment management service, real estate development and management, engineering project management	Shareholder	Limited liability company	Chen Qiang
Shantou Investment Holdings Group Co., Ltd. (c)	Shantou	RMB0.260 billion	0.107%	Investment, development, sales, service	Shareholder	Limited liability company	Yang Haiwen

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## X Related parties and related party transactions (continued)

### 1 Major shareholders and subsidiaries of the Group they belong to (continued)

- (a) According to the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions, the Ministry of Finance of the People's Republic of China does not apply the regulatory requirements for the management of related parties.
- (b) As at 31 December 2023, Guangzhou Urban Construction Investment Group Co., Ltd. held 3.414% of the Bank, which was less than 5%, but it was managed as a major shareholder in accordance with the relevant requirements of the Provisional Measures on Shareholdings Administration of Commercial Banks (CBRC Order [2018] No. 1) as it had stationed Mr. Zhang Linfu, a shareholder director, to the Bank.
- (c) As at 31 December 2023, Shantou Investment Holdings Group Co., Ltd. held 0.107% of the Bank, which was less than 5%, but it was managed as a major shareholder in accordance with the relevant requirements of the Provisional Measures on Shareholdings Administration of Commercial Banks (CBRC Order [2018] No. 1) as it had stationed Mrs. Lu Zeyuan, a shareholder supervisor, to the Bank.

## X Related parties and related party transactions (continued)

### 1 Major shareholders and subsidiaries of the Group they belong to (continued)

#### *Changes in major shareholders' shareholdings in the Bank*

	31 December 2023	
	Shares	Shareholding (%)
China Life Insurance Company Limited	9,519,210,262	43.686
CITIC Trust Co., Ltd.	3,080,479,452	14.137
State Grid Yingda International Holdings Corporation, Ltd.	1,943,533,352	8.919
Jiangxi Provincial Transportation Investment Group Co., Ltd.	1,783,343,771	8.184
The Ministry of Finance of the People's Republic of China	1,136,946,100	5.218
Guangzhou Urban Construction Investment Group Co., Ltd.	744,013,552	3.414
Shantou Investment Holdings Group Co., Ltd.	23,323,753	0.107
	31 December 2022	
	Shares	Shareholding (%)
China Life Insurance Company Limited	9,519,210,262	43.686
CITIC Trust Co., Ltd.	3,080,479,452	14.137
State Grid Yingda International Holdings Corporation, Ltd.	1,943,533,352	8.919
Jiangxi Provincial Transportation Investment Group Co., Ltd.	1,783,343,771	8.184
The Ministry of Finance of the People's Republic of China	1,136,946,100	5.218
Jiangsu Suzhou Steel Group Co., Ltd.	222,777,231	1.022

The related party transactions and balances with major shareholders and subsidiaries of the Group they belong to are summarised in Note X.5 and 7.

Subsidiaries of the Group that the Bank's major shareholders belong to include the companies controlled or jointly controlled by the Bank's major shareholders, the parents of the Bank's major shareholders and the companies controlled or jointly controlled by the parents.

### 2 Other related parties

Other related parties include companies directly or indirectly controlled and jointly controlled by the Bank's directors, supervisors, senior management and close family members, or companies in which the Bank's directors, supervisors, senior management and close family members serve as their directors or senior management personnel and joint ventures and subsidiaries of enterprises exerting significant influence on the Bank.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## X Related parties and related party transactions (continued)

### 3 Controlled subsidiaries

The controlled subsidiaries of the Bank are detailed in Note IV.

### 4 Related natural persons

(1) Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including directors, supervisors and senior management.

(2) Close family members of the key management stated above.

### 5 Related party transactions

	Main shareholders	Controlled subsidiaries	Other related parties	Total
Transactions for the year ended 31 December 2023:				
Interest income	412,805	-	450	413,255
Fee and commission income	405,591	938	-	406,529
Investment income	508,355	-	-	508,355
Other operating expenses	4,188	-	-	4,188
Non-operating income	540	-	-	540
Interest expenses	(3,031,918)	(2,019)	(1,570)	(3,035,507)
Fee and commission expenses	(3,493)	-	-	(3,493)
Operating and administrative expenses	(365,222)	-	-	(365,222)
Balances as at 31 December 2023:				
Financial assets held for trading	21,118,439	-	-	21,118,439
Derivative financial assets	131,856	-	-	131,856
Loans and advances to customers	8,752,974	-	11,436	8,764,410
Debt investments	4,941,386	-	-	4,941,386
Other debt investments	1,834,916	-	-	1,834,916
Right-of-use assets	262,207	-	623	262,830
Deposits from banks and non-bank financial institutions	20,004,454	25,012	-	20,029,466
Derivative financial liabilities	73,272	-	-	73,272
Customer deposits	69,884,827	-	59,514	69,944,341
Bonds issued	98,100	-	-	98,100
Lease liabilities	269,631	-	505	270,136
Other liabilities	-	7,902	-	7,902



## X Related parties and related party transactions (continued)

### 5 Related party transactions (continued)

	Main shareholders	Controlled subsidiaries	Other related parties	Total
Transactions for the year ended 31 December 2022:				
Interest income	191,913	-	4,409	196,322
Fee and commission income	608,496	-	16	608,512
Investment income	1,769,457	-	-	1,769,457
Other operating income	37,549	-	-	37,549
Non-operating income	4,895	-	-	4,895
Interest expenses	(3,393,574)	(4,962)	-	(3,398,536)
Fee and commission expenses	(8,085)	(159,473)	-	(167,558)
Operating and administrative expenses	(347,132)	-	-	(347,132)
Balances as at 31 December 2022:				
Financial assets held for trading	25,610,880	-	-	25,610,880
Derivative financial assets	147,934	-	-	147,934
Loans and advances to customers	7,345,449	-	103,398	7,448,847
Debt investments	3,733,622	-	-	3,733,622
Other debt investments	2,874,957	-	-	2,874,957
Right-of-use assets	374,446	-	16,882	391,328
Other assets	90,725	-	-	90,725
Deposits from banks and non-bank financial institutions	2,175,598	55,500	-	2,231,098
Derivative financial liabilities	114,410	-	-	114,410
Customer deposits	90,446,538	-	217,065	90,663,603
Lease liabilities	391,561	-	19,336	410,897
Other liabilities	-	52,822	-	52,822

Excluding the above balances, the Bank has no other amounts refer to shareholders having 5% or more of the Bank's shares or holding less than 5% of the total shares but has a significant impact on the Bank's operation and management. All significant related-party transactions of the Bank (including the manner and terms of receipt and payment) are conducted on normal commercial terms.

Transactions with related natural persons and other related parties are conducted in accordance with normal commercial terms and business procedures, on the basis of general transaction prices. Except for the transactions with other related parties disclosed in Note X.5 and 7, other transactions between the Bank and related natural persons and other related parties are not significant. Therefore, the Bank does not disclose other related transactions.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## X Related parties and related party transactions (continued)

### 6 Remuneration of key management

	2023	2022
Remuneration of key management	<b>RMB33 million</b>	RMB27 million

The total compensation package for key management for the year ended 31 December 2023 has not yet been finalised in accordance with regulations of relevant authorities. But it is expected to have no significant impact on the Bank's financial statements for the year ended 31 December 2023.

During 2023 and 2022, there were no amounts paid or payable by the Bank to the directors, supervisors or senior management as an inducement to join or upon joining the Bank or as termination benefits, and there was also no waiver of any emoluments.

### 7 Enterprise annuity

During 2023, the Group made annuity contributions of RMB814 million to the Annuity Plan managed by China Life Pension Company Limited. The contributions of the Bank and the employees were RMB651 million and RMB163 million respectively. (2022: RMB1,452 million, including RMB1,131 million contributed by the Bank and RMB321 million contributed by employees).

During 2023, the Bank made annuity contributions of RMB807 million to the Annuity Plan managed by China Life Pension Company Limited. The contributions of the Bank and the employees were RMB646 million and RMB162 million respectively. (2022: RMB1,441 million, including RMB1,122 million contributed by the Bank and RMB319 million contributed by employees).

## XI Interests in structured entities

### 1. Unconsolidated structured entities

#### *Unconsolidated structured entities sponsored and managed by the Group*

The unconsolidated structured entities sponsored and managed by the Group consist primarily of non-principal guaranteed wealth management products (WMPs), which are not subject to any guarantee of the Group on the principal invested or interest to be paid. The WMPs are mainly invested in money market instruments, bonds, bank deposits, non-standard debt assets, public funds and other assets that are allowed to be invested by regulations. As the manager of these products, the Group manages and invests the wealth management funds in accordance with the provisions of the product contracts, and distributes the principal and investment income (if any) to investors according to the operation of the products..

## XI Interests in structured entities (continued)

### 1 Unconsolidated structured entities (continued)

#### *Unconsolidated structured entities sponsored and managed by the Group (continued)*

As at 31 December 2023, the size of non-principal guaranteed WMPs issued by the Group amounted to RMB166,515 million (31 December 2022: RMB166,767 million). In 2023, the Group's revenue from WMPs service was RMB432 million (2022: RMB393 million).

In 2023 and 2022, the Group did not enter into any agreed liquidity arrangements, guarantees or other commitments that would increase the Group's risk as a result of the above WMPs with wealth management entities or any third parties. There were no provisions that the Group should assume losses on the non-guaranteed WMPs. In 2023 and 2022, the non-guaranteed WMPs issued by the Group did not cause any losses to the Group, nor financial difficulties.

#### *Other unconsolidated structured entities invested by the Group*

The Group invests in other unconsolidated structured entities which are sponsored or managed by other entities for investment return, and related gains or losses are included in investment income or losses and interest income therefrom. These unconsolidated structured entities mainly comprise asset management products, fund products and asset-backed securities invested by the Group. As at 31 December 2023, the carrying amount of the above unconsolidated structured entities held by the Group and the resulting maximum risk exposure amounted to RMB126,667 million (31 December 2022: RMB186,788 million), which are presented in financial assets held for trading and debt investments of the Group's consolidated financial statements separately.

## XII Commitments

### 1 Loan commitments and financial guarantee contracts

	<b>31 December 2023</b>	31 December 2022
	<b>The Group and the Bank</b>	The Group and the Bank
Undrawn credit facilities	<b>853,128,231</b>	850,341,459
Loan commitments	<b>37,063,294</b>	33,222,080
Bank acceptance notes	<b>304,284,069</b>	329,512,744
Guarantee and letters of guarantee issued	<b>60,408,210</b>	58,801,983
Letters of credit issued	<b>70,526,475</b>	67,319,844
Total	<b>1,325,410,279</b>	1,339,198,110

Loan commitments and financial guarantee contracts include credit facilities provided to customers and general credit facilities which can be realised by loans or letters of credit issued, guarantee and letters of guarantee issued or bank acceptance notes.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XII Commitments (continued)

### 2 Capital commitments

Capital commitments contracted for by the Group and the Bank but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
Contracted but not provided	<b>4,564,266</b>	5,889,542

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Contracted but not provided	<b>4,559,553</b>	5,824,757

### 3 National bonds redemption commitments

The Group and the Bank are appointed by the Ministry of Finance as its agent to underwrite national bonds. The Group and the Bank are obliged to redeem the bonds at the discretion of the holders prior to maturity. The redemption price for the bonds is based on the principal of the bonds plus any interest payable as determined under early redemption agreement.

As at 31 December 2023, the principal balance of the acceptance of the Group and the Bank in respect of underwritten, sold but not yet matured Chinese government bonds in the current year amounted to RMB1,868 million (31 December 2022: RMB1,842 million). The original maturities of the above national bonds vary from 3 to 5 years.

### 4 Lawsuits

The Group and the Bank acted as defendants in a number of legal proceedings in the normal course of business. As at 31 December 2023, according to court judgement or opinion of legal advisor, the Group and the Bank made provision of RMB51 million (31 December 2022: RMB0.46 million) and disclosed in Note VII.26 "Provisions".

## XIII Collateral

### 1 Financial assets pledged as collateral

Financial assets of the Group including bonds and notes have been pledged as collateral for liabilities or contingent liabilities, mainly the repurchase agreements, due to central banks, the time deposits placed by Central Treasury in the commercial banks and bonds lending. As at 31 December 2023, the carrying amounts of the above financial assets pledged as collateral are as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Bonds	<b>341,424,743</b>	274,523,136
Discounted notes	<b>13,843,304</b>	19,556,873
<b>Total</b>	<b>355,268,047</b>	294,080,009

As at 31 December 2023, the carrying amount of the Group's and the Bank's financial assets sold under repurchase agreements (Note VII 22) was RMB167,723 million (31 December 2022: RMB188,582 million). The repurchase agreements expire primarily within 1 year from the effective date.

### 2 Collateral accepted for financial assets held under resale agreements

The Group conducts resale agreements under usual and customary terms of placements, and holds collateral for these transactions. For the carrying amount of the financial assets held under resale agreements, please see Note VII.5. As at 31 December 2023, the Group did not hold the collaterals for resale agreements which it was permitted to sell or repledge in the absence of default for the transactions (31 December 2022: Nil).

## XIV Fiduciary activities

### 1 Entrusted loan business

The Group and the Bank act as the agent and grants such entrusted loans to borrowers under the direction of the third-party lenders who fund these loans. The Group and the Bank have been contracted by the third-party lenders to manage the administration and collection of these loans on their behalf. The credit risk is not recognised on the balance sheet as it remains with the trustees. As at 31 December 2023 and 31 December 2022, the scales of entrusted loans and deposits were as follows:

	<b>The Group and the Bank</b>	
	<b>31 December 2023</b>	31 December 2022
Entrusted deposits	<b>(137,185,980)</b>	(107,711,750)
Entrusted loans	<b>137,185,980</b>	107,711,750

### 2 Entrusted wealth management

The Group and the Bank's entrusted wealth management is primarily unconsolidated non-principal guaranteed WMPs sold to enterprises or individuals. Details are set out in Note XI.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XV Transfer of financial assets

### 1 Credit asset securitisation

The Group transfers credit assets to special purpose entities which in turn issue asset-backed securities or fund shares to investors. The Group may acquire some or all of the asset-backed securities and fund shares at the subordinated tranche level and accordingly, and may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that are securitised and qualified for derecognition, the Bank derecognises the transferred credit assets in their entirety. As at 31 December, 2023, the Group held asset-backed securities investments of RMB14 million (31 December 2022: RMB37 million) in such credit asset securitisation transactions, which also approximated the Bank's maximum exposure to loss.

As at 31 December 2023, in the securitisation transactions of credit assets in which the Group continued to be involved to a certain extent, the value of assets that the Group continued to recognize was RMB735 million (31 December 2022: RMB735 million). At the same time, the Group recognized the same amount of continuing assets and continuing liabilities due to this event (Note VII, 17 (i)).

### 2 Transfer of right to earnings or right to properties

The Group enters into transfer of right to earnings or right to properties of credit assets transactions by which it transfers the right to structured entities which sell share of trust to investors. The Group would analyse and judge whether to derecognise relevant credit assets according to the degree of retention of risks and rewards. The Group did not hold corresponding share in transfers of right to earnings and right to properties of credit assets transactions as at 31 December 2023 (2022: Nil), and the Group derecognised all transferred credit assets.

### 3 Transfer of non-performing loans

The Group transferred non-performing loans and written-off loans to third parties with an original carrying amount of RMB3,380 million in 2023 (2022: RMB3,243 million). The Group transferred all the risks and rewards of these non-performing loans and therefore derecognised these transferred non-performing loans.

### 4 Securities lending transactions

In securities lending transactions, 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. The Group has determined that it retains all the risks and rewards of these securities and therefore has not derecognised them. As at 31 December 2023, the balance of assets transferred in the Group's securities lending transactions was nil (31 December 2022: RMB99 million).

## XVI Financial instruments and risk management

### Overview

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### Risk management framework

The Board of Directors has overall responsibility for the Bank's risk management, and is responsible for establishing risk culture and determining the risk preference and risk tolerance, evaluating and discussing its objectives, strategies, policies and process towards significant risk management. The Risk Management Committee has been established under the Board of Directors, and it is responsible for reviewing and discussing the Bank's risk management strategies, risk management policies, major risk management matters, money laundering risk management, case prevention management and major asset disposal projects, and controlling, managing, evaluating and supervising the Bank's risks. The Board of Supervisors bears the supervision responsibility for comprehensive risk management, and is responsible for supervising and inspecting the performance of the Board of Directors and senior management in risk management and supervising the rectification. The senior management is authorised to set up the Internal Control Compliance and Risk Management Committee, the Credit Review Committee, the Investment Business Review Committee, and the Non-performing Assets Disposal Review Committee and the Assets and Liabilities Management Committee under the management, to formulate the strategies, guidelines and policies of managing credit risk, market risk, interest rate risk of bank account, liquidity risk, operational risk, country risk and money laundering risk, evaluate the effectiveness of the management policies, supervise the implementation of the policies, identify deficiencies and sort out follow-up solutions.

As a leading department, the Risk Management Department is responsible for the daily management of overall risks. The Risk Management Department, the Credit Approval Department, the Retail Business Management Department and the Special Assets Operation Department are responsible for the enactment, implementation and management of the Bank's internal control policies on credit risk. The Risk Management Department is responsible for the enactment, implementation and management of the Bank's internal control policies on market risk, operational risk and country risk. The Assets and Liabilities Management Department is responsible for the enactment, implementation and management of the Bank's internal control policies on interest rate risk of bank account and liquidity risk. The Legal and Compliance Department is responsible for enactment, implementation, inspection and management of the Bank's compliance risk, information technology risk and money laundering risk policies; while the Internal Auditing Department and the Regional Auditing Centre are responsible for independent review and evaluation of the appropriateness and effectiveness of the Bank's corporate governance, internal control and risk management. The various risk management decisions of the Board of Directors, the Risk Management Committee of the Board of Directors and the senior management shall be implemented by the branches under the guidance of relevant departments. With reference to the Bank's comprehensive risk management framework, subsidiaries have established comprehensive risk management organisational structures and management mechanisms accordingly to ensure that risk management requirements are fully extended within the Group.



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk

Market risk refers to the potential loss in both on-balance and off-balance sheet businesses of the Group caused by adverse changes of market prices (interest rates, exchange rates, goods price, stock prices and other prices). The market risk of the Group primarily arises from the interest rate risk and exchange rate risk of the banking business.

The Group has established a market risk management system framework according to the Commercial Bank Market Risk Management Guidance and other relevant policies. With the approval of the Board of Directors, the Group has established Risk Management Committee to lead the market risk management of the Bank. The Internal Control Compliance and Risk Management Committee has been established under the Vice President and it is responsible for the establishment, periodical review and monitoring of policies, procedures and detailed operational regulations on market risk management, as well as the evaluation on the comprehensiveness of market risk management. The Risk Management Department is responsible for managing and monitoring market risk, and reporting to senior management and the Board of Directors independently.

The Group's risk control methods include, to identify, measure and monitor market risk through duration monitoring, exposure analysis, sensitivity analysis, and scenario analysis; to set up market risk limiting system for the Financial Market Department, which mainly consists of value at risk and sensitivity indicators, and to monitor the usage status of market risk limits. By performing deliberation procedures on the market risk of new products and complicated transactional business, the Group will ensure that market risk of new business will be identified and assessed as early as possible. The Group has executed the stress test for market risk under prudent condition. The Group quantitatively manages and monitors the market risk of the whole bank through the market risk and capital management system, and measures and monitors the interest rate risk of the bank account through the interest rate risk management system of the bank account.

The commodity price risk borne by the Group mainly comes from gold and other precious metals. The risk of loss arises from the fluctuation of commodity prices. The Group believes that the market risk arising from stock prices in transactions and portfolios and commodity prices (excluding gold) is not significant.

## **XVI Financial instruments and risk management (continued)**

### **1 Market risk (continued)**

#### **(1) Foreign exchange risk**

The Group's major transactions are denominated in RMB, part of transactions denominated in USD and HKD, and few transactions denominated in other foreign currencies. The Group's foreign currency risk comprises exposures that arise from foreign currency portfolio originated from daily treasury business and loans and advances to customers, balances from financial institutions, investments and customer deposits.

The foreign currency risk of the trading book includes the risks arising from foreign currency transactions on behalf of the customers and the corresponding squared transactions, as well as proprietary foreign currency transactions. The Group manages the foreign currency risk mainly by imposing quota on the transaction (including sensitivity limits and stop-loss limits). The Group evaluates the foreign currency risk with pressure test. The retail foreign currency businesses are operated on an automated trading system and the Bank can monitor the exposure timely. The market risk management system of the Group is able to measure and monitor the currency position created by various transactions that fall in the scope of the Bank's market risk management. Besides, the Group manages its foreign currency risk through spot foreign exchange and derivative transactions, and manages its foreign currency assets and liabilities portfolio and structured position with appropriate derivative such as foreign swap contracts.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (1) Foreign exchange risk (continued)

As at 31 December 2023 and 31 December 2022, the Group and the Bank's foreign exchange risk exposures on assets and liabilities were as follows:

	The Group				
	31 December 2023				
	RMB	USD	HKD	Others	Total
Cash and due from central banks	229,020,185	1,747,585	408,340	820,898	231,997,008
Due from banks and other financial institutions	4,974,535	4,103,964	629,386	409,669	10,117,554
Placements with banks and other financial institutions	60,915,755	1,380,343	-	-	62,296,098
Financial assets held under resale agreements	112,252,131	-	-	-	112,252,131
Loans and advances to customers	1,978,780,509	26,995,553	11,529,306	3,626,987	2,020,932,355
Financial assets held for trading	112,753,228	6,887,978	-	-	119,641,206
Debt investments	525,751,544	10,649,546	-	-	536,401,090
Other debt investments	303,963,290	39,954,722	3,691,357	105,467	347,714,836
Other equity investments	4,030,094	840,370	-	131	4,870,595
Other assets	52,846,218	126,727	481,410	2,256,545	55,710,900
<b>Total assets</b>	<b>3,385,287,489</b>	<b>92,686,788</b>	<b>16,739,799</b>	<b>7,219,697</b>	<b>3,501,933,773</b>
Due to central banks	(67,015,262)	-	-	-	(67,015,262)
Due to banks and other financial institutions	(400,585,900)	(10,502,719)	(79,703)	-	(411,168,322)
Placements from banks and other financial institutions	(58,686,366)	(16,758,031)	(2,535,247)	(10,800,173)	(88,779,817)
Financial liabilities held for trading	(217,308)	-	-	-	(217,308)
Financial assets sold under repurchase agreements	(166,794,631)	(928,282)	-	-	(167,722,913)
Customer deposits	(2,123,058,127)	(40,412,401)	(14,256,894)	(3,798,050)	(2,181,525,472)
Bonds issued	(276,173,702)	-	-	-	(276,173,702)
Other liabilities	(30,711,490)	(1,635,737)	(213,610)	(145,917)	(32,706,754)
<b>Total liabilities</b>	<b>(3,123,242,786)</b>	<b>(70,237,170)</b>	<b>(17,085,454)</b>	<b>(14,744,140)</b>	<b>(3,225,309,550)</b>
Net exposure in balance sheet	262,044,703	22,449,618	(345,655)	(7,524,443)	276,624,223
Net nominal amount of derivative financial instruments	13,066,925	(20,330,006)	(189,690)	(6,441,959)	(13,894,730)
Loan commitments and financial guarantee contracts	1,306,898,783	9,465,836	4,434,385	4,611,275	1,325,410,279

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (1) Foreign exchange risk (continued)

As at 31 December 2023 and 31 December 2022, the Group and the Bank's foreign exchange risk exposures on assets and liabilities were as follows (continued):

	The Group				
	31 December 2022				
	RMB	USD	HKD	Others	Total
Cash and due from central banks	197,938,264	2,025,130	1,282,599	665,652	201,911,645
Due from banks and other financial institutions	4,766,059	5,862,509	1,376,525	1,256,055	13,261,148
Placements with banks and other financial institutions	57,848,618	3,648,245	446,723	74,309	62,017,895
Financial assets held under resale agreements	122,681,971	-	-	-	122,681,971
Loans and advances to customers	1,958,496,478	29,760,604	7,920,925	4,442,216	2,000,620,223
Financial assets held for trading	161,664,518	7,270,416	-	-	168,934,934
Debt investments	449,155,979	11,616,420	-	-	460,772,399
Other debt investments	281,226,616	37,947,076	294,866	330,317	319,798,875
Other equity investments	1,682,653	666,000	-	128	2,348,781
Other assets	52,810,952	74,308	449,334	329,817	53,664,411
<b>Total assets</b>	<b>3,288,272,108</b>	<b>98,870,708</b>	<b>11,770,972</b>	<b>7,098,494</b>	<b>3,406,012,282</b>
Due to central banks	(17,804,694)	-	-	-	(17,804,694)
Due to banks and other financial institutions	(372,277,025)	(213,205)	(48,975)	-	(372,539,205)
Placements from banks and other financial institutions	(32,626,499)	(18,208,665)	(3,133,139)	(11,088,738)	(65,057,041)
Financial liabilities held for trading	(134,228)	-	-	-	(134,228)
Financial assets sold under repurchase agreements	(188,581,709)	-	-	-	(188,581,709)
Customer deposits	(2,107,470,384)	(38,199,303)	(13,518,001)	(10,710,769)	(2,169,898,457)
Bonds issued	(290,388,867)	(1,330,266)	-	-	(291,719,133)
Other liabilities	(36,689,435)	(1,856,937)	(427,499)	(76,430)	(39,050,301)
<b>Total liabilities</b>	<b>(3,045,972,841)</b>	<b>(59,808,376)</b>	<b>(17,127,614)</b>	<b>(21,875,937)</b>	<b>(3,144,784,768)</b>
Net exposure in balance sheet	242,299,267	39,062,332	(5,356,642)	(14,777,443)	261,227,514
Net nominal amount of derivative financial instruments	12,707,818	(23,623,049)	4,478,970	(18,436,916)	(24,873,177)
Loan commitments and financial guarantee contracts	1,315,178,183	17,509,296	802,451	5,708,180	1,339,198,110

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (1) Foreign exchange risk (continued)

As at 31 December 2023 and 31 December 2022, the Group and the Bank's foreign exchange risk exposures on assets and liabilities were as follows (continued):

	The Bank				
	31 December 2023				
	RMB	USD	HKD	Others	Total
Cash and due from central banks	229,020,185	1,747,585	408,340	820,898	231,997,008
Due from banks and other financial institutions	4,632,327	4,103,964	629,386	409,669	9,775,346
Placements with banks and other financial institutions	60,915,755	1,380,343	-	-	62,296,098
Financial assets held under resale agreements	112,252,131	-	-	-	112,252,131
Loans and advances to customers	1,978,780,509	26,995,553	11,529,306	3,626,987	2,020,932,355
Financial assets held for trading	111,223,341	6,887,977	-	-	118,111,318
Debt investments	522,404,472	10,649,546	-	-	533,054,018
Other debt investments	303,759,155	39,954,722	3,691,357	105,466	347,510,700
Other equity investments	4,030,094	840,370	-	131	4,870,595
Other assets	57,672,859	126,727	481,410	2,256,546	60,537,542
<b>Total assets</b>	<b>3,384,690,828</b>	<b>92,686,787</b>	<b>16,739,799</b>	<b>7,219,697</b>	<b>3,501,337,111</b>
Due to central banks	(67,015,262)	-	-	-	(67,015,262)
Due to banks and other financial institutions	(400,610,912)	(10,502,719)	(79,703)	-	(411,193,334)
Placements from banks and other financial institutions	(58,686,366)	(16,758,031)	(2,535,247)	(10,800,173)	(88,779,817)
Financial liabilities held for trading	(217,308)	-	-	-	(217,308)
Financial assets sold under repurchase agreements	(166,794,631)	(928,282)	-	-	(167,722,913)
Customer deposits	(2,123,058,127)	(40,412,401)	(14,256,894)	(3,798,050)	(2,181,525,472)
Bonds issued	(276,173,702)	-	-	-	(276,173,702)
Other liabilities	(30,574,600)	(1,635,737)	(213,610)	(145,916)	(32,569,863)
<b>Total liabilities</b>	<b>(3,123,130,908)</b>	<b>(70,237,170)</b>	<b>(17,085,454)</b>	<b>(14,744,139)</b>	<b>(3,225,197,671)</b>
Net exposure in balance sheet	261,559,920	22,449,617	(345,655)	(7,524,442)	276,139,440
Net nominal amount of derivative financial instruments	13,066,925	(20,330,006)	(189,690)	(6,441,959)	(13,894,730)
Loan commitments and financial guarantee contracts	1,306,898,783	9,465,836	4,434,385	4,611,275	1,325,410,279

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (1) Foreign exchange risk (continued)

As at 31 December 2023 and 31 December 2022, the Group and the Bank's foreign exchange risk exposures on assets and liabilities were as follows (continued):

	The Bank				
	31 December 2022				
	RMB	USD	HKD	Others	Total
Cash and due from central banks	197,938,264	2,025,130	1,282,599	665,652	201,911,645
Due from banks and other financial institutions	4,535,742	5,862,509	1,376,525	1,256,055	13,030,831
Placements with banks and other financial institutions	57,848,618	3,648,245	446,723	74,309	62,017,895
Financial assets held under resale agreements	122,681,971	-	-	-	122,681,971
Loans and advances to customers	1,958,496,478	29,760,604	7,920,925	4,442,216	2,000,620,223
Financial assets held for trading	160,285,606	7,270,416	-	-	167,556,022
Debt investments	445,689,103	11,616,420	-	-	457,305,523
Other debt investments	281,166,922	37,947,076	294,866	330,317	319,739,181
Other equity investments	1,682,653	666,000	-	128	2,348,781
Other assets	57,694,475	74,308	449,334	329,817	58,547,934
<b>Total assets</b>	<b>3,288,019,832</b>	<b>98,870,708</b>	<b>11,770,972</b>	<b>7,098,494</b>	<b>3,405,760,006</b>
Due to central banks	(17,804,694)	-	-	-	(17,804,694)
Due to banks and other financial institutions	(372,327,621)	(213,205)	(48,975)	-	(372,589,801)
Placements from banks and other financial institutions	(32,626,499)	(18,208,665)	(3,133,139)	(11,088,738)	(65,057,041)
Financial liabilities held for trading	(134,228)	-	-	-	(134,228)
Financial assets sold under repurchase agreements	(188,581,709)	-	-	-	(188,581,709)
Customer deposits	(2,107,470,384)	(38,199,303)	(13,518,001)	(10,710,769)	(2,169,898,457)
Bonds issued	(290,388,867)	(1,330,266)	-	-	(291,719,133)
Other liabilities	(36,647,852)	(1,856,937)	(427,499)	(76,430)	(39,008,718)
<b>Total liabilities</b>	<b>(3,045,981,854)</b>	<b>(59,808,376)</b>	<b>(17,127,614)</b>	<b>(21,875,937)</b>	<b>(3,144,793,781)</b>
Net exposure in balance sheet	242,037,978	39,062,332	(5,356,642)	(14,777,443)	260,966,225
Net nominal amount of derivative financial instruments	12,707,818	(23,623,049)	4,478,970	(18,436,916)	(24,873,177)
Loan commitments and financial guarantee contracts	1,315,178,183	17,509,296	802,451	5,708,180	1,339,198,110

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (1) Foreign exchange risk (continued)

The following table presents the potential impacts of net exposure of foreign currency assets and liabilities and net position of currency derivatives on profit before tax if the spot exchange rate and forward exchange rate of Renminbi to foreign currencies simultaneously appreciate or depreciate by 5%.

	<b>The Group</b>	
	<b>31 December 2023</b>	31 December 2022
	<b>Profit before tax</b>	Profit before tax
Appreciate by 5%	<b>(891,134)</b>	(932,637)
Depreciate by 5%	<b>891,134</b>	932,637

	<b>The Bank</b>	
	<b>31 December 2023</b>	31 December 2022
	<b>Profit before tax</b>	Profit before tax
Appreciate by 5%	<b>(891,134)</b>	(932,637)
Depreciate by 5%	<b>891,134</b>	932,637

The impacts on profit before tax and other comprehensive income are determined based on the assumption that the Group and the Bank's exchange rate sensitive position and net position of currency derivatives as at balance sheet dates remain unchanged. Based on management's judgement of foreign exchange rate changes, the Group mitigates foreign currency risk by actively adjusting foreign currency exposure and using appropriate derivatives. The analysis does not take into consideration of the relevance among changes of different currency exchange rates, and the measures management may take to mitigate foreign currency risk. Therefore, the estimation of sensitivity analysis above may be different from actual results of foreign exchange rate changes.



## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (2) Interest rate risk

Interest rate risk refers to the risk of losses in the overall return and market value of financial instruments and positions due to adverse changes in interest rate levels, term structures, and other factors. In accordance with external regulatory requirements and internal bank book interest rate risk management policies, the Group has established and continuously improved the bank book interest rate risk management system, defined the interest rate risk governance structure, and established management processes for identifying, measuring, monitoring, controlling, and reporting interest rate risks.

The Group primarily manages interest rate risk through on-balance-sheet adjustments such as the scale of assets and liabilities business, term structure, and interest rate structure adjustments. Key methods used to measure and monitor bank book interest rate risk include gap analysis, duration analysis, sensitivity analysis, scenario simulation, and stress testing.

Currently, the main manifestations of interest rate risk include gap risk and the basis risk arising from inconsistent changes in lending and deposit rates, while the optionality risk associated with prepayments by customers is gradually increasing. The main measures for managing interest rate risk in the Group include:

- (i) Strengthening the analysis of interest rate trends, closely monitoring market conditions and policy dynamics, taking into account the internal interest rate risk exposure, proactively planning interest rate risk management strategies, and making flexible adjustments;
- (ii) Based on risk preferences, setting rate risk limits at various levels to constrain investment trading behavior, and continuously monitoring and reporting;
- (iii) Optimizing the asset-liability structure and continuously reducing the cost of liabilities; and
- (iv) Measuring and monitoring bank book interest rate risk through the bank book interest rate risk management system, establishing customer behavior option models as per regulatory requirements, with key models and parameter assumptions being independently validated in advance.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (2) Interest rate risk (continued)

As at the balance sheet date, the Group and the Bank's assets and liabilities categorised by the earlier of contractual maturity or repricing dates were as follows:

	The Group					Total
	31 December 2023					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and due from central banks	228,795,082	-	-	-	3,201,926	231,997,008
Due from banks and other financial institutions	10,116,839	-	-	-	715	10,117,554
Placements with banks and other financial institutions	15,367,069	46,713,335	-	-	215,694	62,296,098
Financial assets held under resale agreements	112,180,468	-	-	-	71,663	112,252,131
Loans and advances to customers	706,832,460	1,002,163,910	283,788,539	22,066,637	6,080,809	2,020,932,355
Financial assets held for trading	6,024,079	15,971,042	15,764,283	16,463,040	65,418,762	119,641,206
Debt investments	7,885,362	54,544,420	315,540,943	151,600,156	6,830,209	536,401,090
Other debt investments	9,914,535	61,767,293	179,089,431	92,564,800	4,378,777	347,714,836
Investments in other equity instruments	-	-	-	-	4,870,595	4,870,595
Other assets	-	-	-	-	63,298,698	63,298,698
<b>Total assets</b>	<b>1,097,115,894</b>	<b>1,181,160,000</b>	<b>794,183,196</b>	<b>282,694,633</b>	<b>154,367,848</b>	<b>3,509,521,571</b>
Due to central banks	(13,541,000)	(52,986,000)	-	-	(488,262)	(67,015,262)
Due to banks and other financial institutions	(296,145,784)	(112,735,643)	-	-	(2,286,895)	(411,168,322)
Placements from banks and other financial institutions	(79,571,413)	(9,090,999)	-	-	(117,405)	(88,779,817)
Financial assets sold under repurchase agreements	(160,669,213)	(6,996,567)	-	-	(57,133)	(167,722,913)
Customer deposits	(1,267,795,955)	(343,732,234)	(531,609,683)	(24,585)	(38,363,015)	(2,181,525,472)
Bonds issued	(106,620,053)	(113,343,845)	(21,999,980)	(33,499,578)	(710,246)	(276,173,702)
Other liabilities	-	-	-	-	(40,151,797)	(40,151,797)
<b>Total liabilities</b>	<b>(1,924,343,418)</b>	<b>(638,885,288)</b>	<b>(553,609,663)</b>	<b>(33,524,163)</b>	<b>(82,174,753)</b>	<b>(3,232,537,285)</b>
<b>Asset-liability exposure</b>	<b>(827,227,524)</b>	<b>542,274,712</b>	<b>240,573,533</b>	<b>249,170,470</b>	<b>72,193,095</b>	<b>276,984,286</b>

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (2) Interest rate risk (continued)

As at the balance sheet date, the Group and the Bank's assets and liabilities categorised by the earlier of contractual maturity or repricing dates were as follows (continued):

	The Group					Total
	31 December 2022					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and due from central banks	198,456,256	-	-	-	3,455,389	201,911,645
Due from banks and other financial institutions	13,260,350	-	-	-	798	13,261,148
Placements with banks and other financial institutions	27,323,470	34,260,222	-	-	434,203	62,017,895
Financial assets held under resale agreements	122,585,648	-	-	-	96,323	122,681,971
Loans and advances to customers	724,134,081	1,011,836,389	224,615,209	33,947,922	6,086,622	2,000,620,223
Financial assets held for trading	5,959,123	14,955,764	24,204,880	20,415,075	103,400,092	168,934,934
Debt investments	13,704,916	71,849,576	208,599,101	160,814,663	5,804,143	460,772,399
Other debt investments	21,828,821	77,613,635	148,406,727	68,376,247	3,573,445	319,798,875
Investments in other equity instruments	-	-	-	-	2,348,781	2,348,781
Other assets	-	-	-	-	65,556,361	65,556,361
<b>Total assets</b>	<b>1,127,252,665</b>	<b>1,210,515,586</b>	<b>605,825,917</b>	<b>283,553,907</b>	<b>190,756,157</b>	<b>3,417,904,232</b>
Due to central banks	(3,000,000)	(14,672,000)	-	-	(132,694)	(17,804,694)
Due to banks and other financial institutions	(299,490,544)	(71,505,510)	-	-	(1,543,151)	(372,539,205)
Placements from banks and other financial institutions	(57,139,686)	(7,748,599)	-	-	(168,756)	(65,057,041)
Financial assets sold under repurchase agreements	(180,477,800)	(8,007,073)	-	-	(96,836)	(188,581,709)
Customer deposits	(1,915,030,376)	(65,317,986)	(157,628,001)	(297,290)	(31,624,804)	(2,169,898,457)
Bonds issued	(136,830,304)	(68,646,355)	(81,999,510)	(3,499,947)	(743,017)	(291,719,133)
Other liabilities	-	-	-	-	(50,454,613)	(50,454,613)
<b>Total liabilities</b>	<b>(2,591,968,710)</b>	<b>(235,897,523)</b>	<b>(239,627,511)</b>	<b>(3,797,237)</b>	<b>(84,763,871)</b>	<b>(3,156,054,852)</b>
<b>Asset-liability exposure</b>	<b>(1,464,716,045)</b>	<b>974,618,063</b>	<b>366,198,406</b>	<b>279,756,670</b>	<b>105,992,286</b>	<b>261,849,380</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (2) Interest rate risk (continued)

As at the balance sheet date, the Group and the Bank's assets and liabilities categorised by the earlier of contractual maturity or repricing dates were as follows (continued):

	The Bank					Total
	31 December 2023					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and due from central banks	228,795,082	-	-	-	3,201,926	231,997,008
Due from banks and other financial institutions	9,775,040	-	-	-	306	9,775,346
Placements with banks and other financial institutions	15,367,069	46,713,335	-	-	215,694	62,296,098
Financial assets held under resale agreements	112,180,468	-	-	-	71,663	112,252,131
Loans and advances to customers	706,832,460	1,002,163,910	283,788,539	22,066,637	6,080,809	2,020,932,355
Financial assets held for trading	6,024,079	14,745,706	15,764,283	16,463,040	65,114,210	118,111,318
Debt investments	7,885,361	54,544,420	314,664,636	149,151,566	6,808,035	533,054,018
Other debt investments	9,914,534	61,767,293	179,089,431	92,362,845	4,376,597	347,510,700
Investments in other equity instruments	-	-	-	-	4,870,595	4,870,595
Other assets	-	-	-	-	68,125,340	68,125,340
<b>Total assets</b>	<b>1,096,774,093</b>	<b>1,179,934,664</b>	<b>793,306,889</b>	<b>280,044,088</b>	<b>158,865,175</b>	<b>3,508,924,909</b>
Due to central banks	(13,541,000)	(52,986,000)	-	-	(488,262)	(67,015,262)
Due to banks and other financial institutions	(296,170,796)	(112,735,643)	-	-	(2,286,895)	(411,193,334)
Placements from banks and other financial institutions	(79,571,413)	(9,090,999)	-	-	(117,405)	(88,779,817)
Financial assets sold under repurchase agreements	(160,669,213)	(6,996,567)	-	-	(57,133)	(167,722,913)
Customer deposits	(1,267,795,955)	(343,732,234)	(531,609,683)	(24,585)	(38,363,015)	(2,181,525,472)
Bonds issued	(106,620,053)	(113,343,845)	(21,999,980)	(33,499,578)	(710,246)	(276,173,702)
Other liabilities	-	-	-	-	(40,014,906)	(40,014,906)
<b>Total liabilities</b>	<b>(1,924,368,430)</b>	<b>(638,885,288)</b>	<b>(553,609,663)</b>	<b>(33,524,163)</b>	<b>(82,037,862)</b>	<b>(3,232,425,406)</b>
<b>Asset-liability exposure</b>	<b>(827,594,337)</b>	<b>541,049,376</b>	<b>239,697,226</b>	<b>246,519,925</b>	<b>76,827,313</b>	<b>276,499,503</b>

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (2) Interest rate risk (continued)

As at the balance sheet date, the Group and the Bank's assets and liabilities categorised by the earlier of contractual maturity or repricing dates were as follows (continued):

	The Bank					Total
	31 December 2022					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and due from central banks	198,456,256	-	-	-	3,455,389	201,911,645
Due from banks and other financial institutions	13,030,162	-	-	-	669	13,030,831
Placements with banks and other financial institutions	27,323,470	34,260,222	-	-	434,203	62,017,895
Financial assets held under resale agreements	122,585,648	-	-	-	96,323	122,681,971
Loans and advances to customers	724,134,081	1,011,836,389	224,615,209	33,947,922	6,086,622	2,000,620,223
Financial assets held for trading	5,882,190	14,424,466	23,922,303	20,415,075	102,911,988	167,556,022
Debt investments	13,704,916	71,649,136	207,803,988	158,367,904	5,779,579	457,305,523
Other debt investments	21,828,821	77,613,635	148,406,727	68,317,097	3,572,901	319,739,181
Investments in other equity instruments	-	-	-	-	2,348,781	2,348,781
Other assets	-	-	-	-	70,439,884	70,439,884
<b>Total assets</b>	<b>1,126,945,544</b>	<b>1,209,783,848</b>	<b>604,748,227</b>	<b>281,047,998</b>	<b>195,126,339</b>	<b>3,417,651,956</b>
Due to central banks	(3,000,000)	(14,672,000)	-	-	(132,694)	(17,804,694)
Due to banks and other financial institutions	(299,541,083)	(71,505,510)	-	-	(1,543,208)	(372,589,801)
Placements from banks and other financial institutions	(57,139,686)	(7,748,599)	-	-	(168,756)	(65,057,041)
Financial assets sold under repurchase agreements	(180,477,800)	(8,007,073)	-	-	(96,836)	(188,581,709)
Customer deposits	(1,915,030,376)	(65,317,986)	(157,628,001)	(297,290)	(31,624,804)	(2,169,898,457)
Bonds issued	(136,830,304)	(68,646,355)	(81,999,510)	(3,499,947)	(743,017)	(291,719,133)
Other liabilities	-	-	-	-	(50,413,030)	(50,413,030)
<b>Total liabilities</b>	<b>(2,592,019,249)</b>	<b>(235,897,523)</b>	<b>(239,627,511)</b>	<b>(3,797,237)</b>	<b>(84,722,345)</b>	<b>(3,156,063,865)</b>
<b>Asset-liability exposure</b>	<b>(1,465,073,705)</b>	<b>973,886,325</b>	<b>365,120,716</b>	<b>277,250,761</b>	<b>110,403,994</b>	<b>261,588,091</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 1 Market risk (continued)

#### (2) Interest rate risk (continued)

The table below illustrates the potential impact on the profit for the year and other comprehensive income before tax over the next 12 months on the assumption of a 100 basis point parallel move of the relevant yield curve based on the structure of the Group and the Bank's interest-earning assets and interest-bearing liabilities at the end of the reporting period. The analysis assumes that the interest rates of all periods move at the same levels and does not reflect the scenarios where some interest rates change while others remain constant.

The sensitivity analysis on profit for the year is based on possible changes in the expectation of interest rate. It does not take into account changes such as customer behavior, basis risk, or options for early repayment of bonds, and excludes the impact of changes in the yield curve for demand deposits.

The sensitivity analysis on other comprehensive income refers to the impact of changes in certain interest rates on the fair value changes arising from reassessment of financial assets measured at fair value through other comprehensive income as at balance sheet dates.

	The Group			
	31 December 2023		31 December 2022	
	Profit for the year	Other comprehensive income	Profit for the year	Other comprehensive income
+ 100 basis points	1,771,601	(7,202,674)	(1,081,761)	(5,802,322)
- 100 basis points	(1,771,601)	7,683,590	1,081,761	6,167,357

	The Bank			
	31 December 2023		31 December 2022	
	Profit for the year	Other comprehensive income	Profit for the year	Other comprehensive income
+ 100 basis points	1,765,747	(7,202,572)	(1,086,166)	(5,798,757)
- 100 basis points	(1,765,747)	7,683,488	1,086,166	6,163,433

The related assumptions do not consider the measures the Group and the Bank may take to mitigate interest rate risk due to capital utilisation and interest rate risk management policies. Therefore, the results of the analysis above may be different from actual conditions.

In addition, the impact of interest rate fluctuation is only for illustrating purpose, showing the estimated changes in profit for the year and other comprehensive income under different parallel move of the relevant yield curve and the Group and the Bank's current exposure to interest rate risk other than derivative financial instruments.

## XVI Financial instruments and risk management (continued)

### 2 Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor to meet its obligation or commitment to the Group. It arises primarily from the Group's credit asset portfolios.

Concentration of credit risk: When a certain number of customers conduct the same operating activities, are situated in the same geographical location or their industries have similar economic characteristics, their ability to honour their contracts would be influenced by the same economic change. Concentration of credit risk reflects the sensitivity of the Group's results to a specific industry or geographical location. The Group formulates credit risk asset portfolio limits from the dimensions of region, industry, customer, product, and maturity based on the principle of credit risk asset portfolio management. The principal place of business of the Group is Mainland China. However, Mainland China covers a wide range of land with specific characteristics developed for the economy of each region (e.g., some regions are designated by the central government as special economic zones to attract investment). As a result, the risks among regions differ.

To identify, evaluate and monitor credit risk, the Group designs reporting structure, credit policies and processes required for effective credit risk management and implements systematic control procedures. As approved by the Board of Directors, the Group optimises its credit approval process, in which both management and control of credit risks are reinforced while function and responsibilities of credit approval section are further specified. The Vice President in charge of risk is responsible for all the operations regarding the Bank's risk management, and also leads relevant departments to formulate the credit policies and standards from time to time, to analyse the development of credit business and the level of risk management, and to approve loans with amounts not exceeding the authorised limit in accordance with relevant rules, regulations and monetary policies in the PRC and the Bank's business strategy.

With respect to the credit risk management of corporate and institutional business, the Group develops the industry-specific guidelines, improves policies of credit client acceptance and decline, and implements its credit structure adjustment policies and credit risk limit management, which facilitates the improvement in credit structure. The Group manages credit risk throughout the entire credit process including pre-lending evaluations, credit approval and post-lending monitoring.

With respect to the personal credit business, the Group relies on credit assessment of applicants as the basis for loan approval. Assessment on the income level, credit history, and repayment ability of the applicant is required. The Group monitors borrowers' repayment ability, the status of collateral and any changes to collateral's value. Once a loan becomes overdue, the Group starts the recovery process according to standard personal loan recovery procedures.

To mitigate risks, where appropriate, the Group requests customers to provide collateral and guarantees. It also sets guidelines as to the use and suitability of specific types of collateral. Collateral structures and legal covenants are regularly reviewed to ensure that they still serve their intended purposes and conform to market practices.



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in loans and advances to customers. These transactions are, therefore, subject to the same credit application, post-disbursement loan management and collateral requirements as for loans and advances to customers.

The Group has individually established a range of risk management policies and adopted different methods to mitigate credit risk. A critical method for the Group's control of its credit risks is to acquire collateral, security deposits and guarantees from enterprises or individuals. The Group has specified acceptable types of collaterals, mainly including the following:

- Real estate and land use rights
- Financial instruments such as time deposits, bonds and equities
- Accounts receivables and right to receive payments
- Inventory

In order to minimise its credit risk, once an indication of impairment has been identified with an individual loan, the Group will request for early loan repayment or seek additional collateral from counterparties, require additional guarantors.

#### ***Grouping of similar credit risk***

The Group has classified exposures with similar risk characteristics when the provision for ECL is made on a grouping basis. The main grouping reference indicators currently include industry, business type, and etc.

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement*

##### *Measurement of ECL*

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increase in credit risk since initial recognition are included in Stage 1 to calculate their provision for impairment at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their provision for impairment measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the balance sheet date are included in Stage 3, with their provision for impairment measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

For the previous accounting period, the provision for impairment has been measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the balance sheet date of the current period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the provision for impairment of the financial instruments on the balance sheet date of the current period on the 12-month ECL basis.

For purchased or originated credit-impaired financial assets, the Group only recognises the lifetime cumulative change in ECL since initial recognition on the financial reporting date as provision for impairment. On each financial reporting date, the Group recognises the amount of the changes in lifetime ECL as an impairment losses or gains in profit or loss for the current period.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement (continued)*

##### *Measurement of ECL (continued)*

The Group shall measure ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

It is not necessary to identify every possible situation when measuring the ECL. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the likelihood of a credit loss occurring and the likelihood that a credit loss will not occur, even if the likelihood of such a loss is extremely low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and assumptions in its expected measurement of credit losses. These models and assumptions involve future macro-economic conditions and the credit record of the borrower (such as, possibility of default by customers and losses therefrom). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of default and credit-impaired assets
- Parameters for measuring ECL
- Forward-looking information
- Modification of contract cash flows

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement (continued)*

##### *Measurement of ECL (continued)*

When considering forward-looking information, the Group takes different economic scenarios into consideration. The Group regularly monitors and reviews assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, external market environment, changes in customer conditions, Gross Domestic Product (“GDP”) and Consumer Price Index (“CPI”), etc.

##### Internal credit risk rating

The Group conducts internal rating on the risk characteristics of assets based on the quality status of assets, and classifies the credit ratings of financial assets included in the measurement of expected credit losses into sixteen levels. Internal credit risk rating is based on quantitative and qualitative factors.

##### Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group and external credit risk rating. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The group assesses whether there has been a significant increase in the credit risk of financial instruments since their initial recognition by setting quantitative and qualitative standards. The criteria for this assessment is mainly based on whether it is overdue due to deterioration of credit risk, or whether one or more of the following conditions are met: the debtor is classified into Special Mention category in five-tier loan classification, the debtor has a restructuring of performing loans, or the debtor’s probability of default has increased significantly since the initial recognition date and it is currently up against a lower internal rating, etc.

The Group adheres to the estimate of substantial risk, taking into account the changes in the operating ability and debt paying ability of the borrower to assess whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement (continued)*

##### *Measurement of ECL (continued)*

##### Definition of default and credit-impaired assets

When a credit impairment occur on the financial assets, the group define the financial assets having defaulted. The standard adopted by the Group to determine whether a credit impairment occurs under New Financial Instrument Standards is consistent with the internal credit risk management objectives of the relevant financial instruments, taking into account quantitative and qualitative criteria. When the Group assesses whether there is credit impairment of debtor, the following factors are mainly considered:

- Be classified into Substandard, Doubtful or Loss category within five-tier loan classification;
- The debtor leaves any of the principal, advances, interest or investments in corporate bonds of the Bank overdue for more than 90 days;
- Internal credit rating is defaulted.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

##### Parameters of ECL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with 12-month ECL or lifetime ECL. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). Based on the current New Basel Capital Accord used in risk management and the requirements of New Financial Instrument Standards, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement (continued)*

##### *Measurement of ECL (continued)*

Parameters of ECL measurement (continued)

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the difference of credit products, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure after the time of default, based on historical statistics, the loss rate may be different in various economic environments;
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement (continued)*

##### *Measurement of ECL (continued)*

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, M2.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group combined statistic model and experts' judgement in this process, according to the result of model and experts' judgement, the Group predicts these economic indicators on a quarterly basis and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistic model with experts' judgement to determine the weight of other possible scenarios. For the fiscal year 2023, the weights for the benchmark, optimistic, and pessimistic scenarios are 60%, 20%, and 20%, respectively. The Group measures the relevant impairment provisions using either the weighted 12-month expected credit losses (Stage 1) or the weighted lifetime expected credit losses (Stages 2 and 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

During the reporting period, the Group updated forward-looking information such as key economic indicators based on changes in the current macroeconomic environment.

With the quarter-on-quarter changes of GDP and M2 as examples, the estimations are calculated under the benchmark, optimistic and pessimistic scenarios through the statistical model based on actual historical data. The details are presented below:

Indicator	Average estimation under the benchmark, optimistic and pessimistic scenarios in year 2024		
	Optimistic	Benchmark	Pessimistic
Quarter-on-quarter changes of GDP	6.23%	4.80%	3.57%
Quarter-on-quarter changes of M2	12.11%	10.50%	9.10%



## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### *Credit risk measurement (continued)*

##### *Measurement of ECL (continued)*

###### Sensitive information

Changes in parameters for measuring ECL and in forward-looking information can have an impact on the judgement of significant increase in credit risk and the measurement of ECL.

As at 31 December 2023, the Group's provision for credit impairment would be decreased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the optimistic scenario and a 5% decrease in the weight of the basic scenario. The Group's provision for credit impairment would be increased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the pessimistic scenario and a 5% decrease in the weight of the basic scenario.

As at 31 December 2022, the Bank's provision for credit impairment would be decreased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the optimistic scenario and a 5% decrease in the weight of the basic scenario. The Bank's provision for credit impairment would be increased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the pessimistic scenario and a 5% decrease in the weight of the basic scenario.

###### Modification of contractual cash flows

If the Group amends or rearranges the contract with its counterparty, which does not result in the derecognition of the financial assets, but changes the contractual cash flows, the Group shall assess the default risk of the modified asset at the reporting date by comparing it with the risk of default at initial recognition under the original terms when the modification of the contract does not result in a material change or derecognition of the original asset. The gross carrying amount of the financial asset shall be recalculated and related gains or losses shall be recognised in profit or loss for the current period. The gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate.

The Group monitors the subsequent performance of modified assets. If the Group concludes that the credit risk has significantly improved after modification, the assets are moved from Stage 3 or Stage 2 to Stage 1 when certain conditions are met, and the provision for impairment is calculated on the 12-month ECL basis instead of the lifetime ECL basis. As at 31 December 2023, the carrying amount of financial assets modified by such contractual cash flows is not significant.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (1) Maximum credit risk exposure

*Maximum exposure to credit risk before considering collateral held or other credit enhancements*

Without taking into account of any collateral held or any other credit enhancement, the maximum credit risk exposure at the end of each period represents the worst scenario. The Group and the Bank's credit risk exposure arises mainly from its credit business as well as its treasury business. In addition, the Group is also exposed to credit risk for off-balance sheet items such as loan commitments, unused credit card limits, bank acceptance notes, issuance of guarantees and warranties and letters of credit.

	The Group				
	31 December 2023				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
Due from central banks	228,982,698	-	-	-	228,982,698
Due from banks and other financial institutions	10,106,232	11,322	-	-	10,117,554
Placements with banks and other financial institutions	62,296,098	-	-	-	62,296,098
Derivative financial assets	-	-	-	7,587,798	7,587,798
Financial assets held under resale agreements	112,252,131	-	-	-	112,252,131
Loans and advances to customers	1,943,358,426	64,230,928	13,343,001	-	2,020,932,355
Financial assets held for trading	-	-	-	55,843,334	55,843,334
Debt investments	528,336,054	5,709,935	2,355,101	-	536,401,090
Other debt investments	347,709,800	-	5,036	-	347,714,836
Other assets	10,446,826	162,182	498,601	-	11,107,609
Off-balance sheet items					
Loan commitments and financial guarantee contracts	1,316,564,794	6,760,910	20,961	-	1,323,346,665
Total	4,560,053,059	76,875,277	16,222,700	63,431,132	4,716,582,168

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (1) Maximum credit risk exposure (continued)

	The Group				
	31 December 2022				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
Due from central banks	198,673,929	-	-	-	198,673,929
Due from banks and other financial institutions	13,246,590	14,558	-	-	13,261,148
Placements with banks and other financial institutions	62,017,895	-	-	-	62,017,895
Derivative financial assets	-	-	-	11,891,950	11,891,950
Financial assets held under resale agreements	122,681,971	-	-	-	122,681,971
Loans and advances to customers	1,912,517,408	71,689,995	16,412,820	-	2,000,620,223
Financial assets held for trading	-	-	-	67,113,966	67,113,966
Debt investments	457,004,503	371,484	3,396,412	-	460,772,399
Other debt investments	319,789,804	-	9,071	-	319,798,875
Other assets	9,976,022	201,423	194,997	-	10,372,442
Off-balance sheet items					
Loan commitments and financial guarantee contracts	1,318,353,842	17,435,965	677,683	-	1,336,467,490
<b>Total</b>	<b>4,414,261,964</b>	<b>89,713,425</b>	<b>20,690,983</b>	<b>79,005,916</b>	<b>4,603,672,288</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (1) Maximum credit risk exposure (continued)

	The Bank				
	31 December 2023				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
Due from central banks	228,982,698	-	-	-	228,982,698
Due from banks and other financial institutions	9,764,024	11,322	-	-	9,775,346
Placements with banks and other financial institutions	62,296,098	-	-	-	62,296,098
Derivative financial assets	-	-	-	7,587,798	7,587,798
Financial assets held under resale agreements	112,252,131	-	-	-	112,252,131
Loans and advances to customers	1,943,358,426	64,230,928	13,343,001	-	2,020,932,355
Financial assets held for trading	-	-	-	54,617,998	54,617,998
Debt investments	524,988,982	5,709,935	2,355,101	-	533,054,018
Other debt investments	347,505,664	-	5,036	-	347,510,700
Other assets	10,365,781	162,182	498,601	-	11,026,564
Off-balance sheet items					
Loan commitments and financial guarantee contracts	1,316,564,794	6,760,910	20,961	-	1,323,346,665
<b>Total</b>	<b>4,556,078,598</b>	<b>76,875,277</b>	<b>16,222,700</b>	<b>62,205,796</b>	<b>4,711,382,371</b>

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (1) Maximum credit risk exposure (continued)

	The Bank				Total
	31 December 2022				
	Stage 1	Stage 2	Stage 3	Not applicable	
Credit risk exposures relating to on-balance sheet assets are as follows:					
Due from central banks	198,673,929	-	-	-	198,673,929
Due from banks and other financial institutions	13,016,273	14,558	-	-	13,030,831
Placements with banks and other financial institutions	62,017,895	-	-	-	62,017,895
Derivative financial assets	-	-	-	11,891,950	11,891,950
Financial assets held under resale agreements	122,681,971	-	-	-	122,681,971
Loans and advances to customers	1,912,517,408	71,689,995	16,412,820	-	2,000,620,223
Financial assets held for trading	-	-	-	66,223,159	66,223,159
Debt investments	453,537,627	371,484	3,396,412	-	457,305,523
Other debt investments	319,730,110	-	9,071	-	319,739,181
Other assets	9,909,037	201,423	194,997	-	10,305,457
Off-balance sheet items					
Loan commitments and financial guarantee contracts	1,318,353,842	17,435,965	677,683	-	1,336,467,490
<b>Total</b>	<b>4,410,438,092</b>	<b>89,713,425</b>	<b>20,690,983</b>	<b>78,115,109</b>	<b>4,598,957,609</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (2) Credit quality analysis of financial assets

	The Group				
	31 December 2023				
	Loans and advances to customers	Due from/ Placements with other financial institutions	Financial assets held under resale agreements	Investment (i)	Others (ii)
Gross amount of credit impaired	38,251,799	379,000	403,313	7,927,302	908,967
– Provision for impairment	(24,908,798)	(379,000)	(403,313)	(3,717,691)	(410,366)
Sub-total	13,343,001	-	-	4,209,611	498,601
Overdue within 3 months but not credit impaired					
– Gross amount	11,755,039	-	-	-	298,667
– Provision for impairment	(2,731,003)	-	-	-	-
Sub-total	9,024,036	-	-	-	298,667
Neither overdue nor credit impaired					
– Gross amount	2,023,199,363	72,615,735	112,252,131	936,798,533	10,310,341
– Provision for impairment	(24,634,045)	(202,083)	-	(1,048,884)	-
Sub-total	1,998,565,318	72,413,652	112,252,131	935,749,649	10,310,341
Total	2,020,932,355	72,413,652	112,252,131	939,959,260	11,107,609

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (2) Credit quality analysis of financial assets (continued)

	The Group				
	31 December 2022				
	Loans and advances to customers	Due from/ Placements with other financial institutions	Financial assets held under resale agreements	Investment (i)	Others (ii)
Gross amount of credit impaired	42,837,256	379,000	403,313	7,515,878	520,767
– Provision for impairment	(26,424,436)	(379,000)	(403,313)	(4,110,394)	(354,375)
Sub-total	16,412,820	–	–	3,405,484	166,392
Overdue within 3 months but not credit impaired					
– Gross amount	10,462,317	–	–	–	342,827
– Provision for impairment	(2,737,028)	–	–	–	–
Sub-total	7,725,289	–	–	–	342,827
Neither overdue nor credit impaired					
– Gross amount	2,002,793,772	75,454,053	122,681,971	845,132,305	9,767,633
– Provision for impairment	(26,311,658)	(175,010)	–	(852,549)	–
Sub-total	1,976,482,114	75,279,043	122,681,971	844,279,756	9,767,633
Total	2,000,620,223	75,279,043	122,681,971	847,685,240	10,276,852



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (2) Credit quality analysis of financial assets (continued)

	The Bank				
	31 December 2023				
	Loans and advances to customers	Due from/ Placements with other financial institutions	Financial assets held under resale agreements	Investment (i)	Others (ii)
Gross amount of credit impaired	38,251,799	379,000	403,313	7,927,301	908,967
– Provision for impairment	(24,908,798)	(379,000)	(403,313)	(3,717,691)	(410,366)
Sub-total	13,343,001	-	-	4,209,610	498,601
Overdue within 3 months but not credit impaired					
– Gross amount	11,755,039	-	-	-	298,667
– Provision for impairment	(2,731,003)	-	-	-	-
Sub-total	9,024,036	-	-	-	298,667
Neither overdue nor credit impaired					
– Gross amount	2,023,199,363	72,273,462	112,252,131	932,021,841	10,229,296
– Provision for impairment	(24,634,045)	(202,018)	-	(1,048,735)	-
Sub-total	1,998,565,318	72,071,444	112,252,131	930,973,106	10,229,296
Total	2,020,932,355	72,071,444	112,252,131	935,182,716	11,026,564

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (2) Credit quality analysis of financial assets (continued)

	The Bank				
	31 December 2022				
	Loans and advances to customers	Due from/ Placements with other financial institutions	Financial assets held under resale agreements	Investment (i)	Others (ii)
Gross amount of credit impaired	42,837,256	379,000	403,313	7,515,878	520,767
– Provision for impairment	(26,424,436)	(379,000)	(403,313)	(4,110,394)	(354,375)
Sub-total	16,412,820	–	–	3,405,484	166,392
Overdue within 3 months but not credit impaired					
– Gross amount	10,462,317	–	–	–	342,827
– Provision for impairment	(2,737,028)	–	–	–	–
Sub-total	7,725,289	–	–	–	342,827
Neither overdue nor credit impaired					
– Gross amount	2,002,793,772	75,223,709	122,681,971	840,714,658	9,767,633
– Provision for impairment	(26,311,658)	(174,983)	–	(852,279)	–
Sub-total	1,976,482,114	75,048,726	122,681,971	839,862,379	9,767,633
Total	2,000,620,223	75,048,726	122,681,971	843,267,863	10,276,852

(i) Investments comprise financial assets held for trading, debt investments, other debt investments.

(ii) Others comprise interest receivable, suspense account for clearing and other receivables.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (3) Credit rating of debt investments as at the balance sheet date by rating agencies:

Credit rating	The Group			
	Financial assets held for trading	Debt investments	Other debt investments	Total
31 December 2023				
AAA	16,239,431	168,130,970	122,513,615	306,884,016
AA+ to AA-	150,570	-	-	150,570
A+ to A-	-	73,137	9,963,217	10,036,354
BBB or below	5,300,526	-	2,498,540	7,799,066
Unrated	-			
- Government bonds	3,873,241	191,472,612	94,110,597	289,456,450
- Financial institution bonds	17,625,694	126,867,197	96,918,884	241,411,775
- Interbank deposits	-	-	21,296,909	21,296,909
- Corporate bonds	539,294	-	413,074	952,368
- Fund trust and asset management plans	12,114,578	11,240,747	-	23,355,325
- Fund investment	63,797,872	-	-	63,797,872
- Debt financing plan	-	38,616,427	-	38,616,427

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (3) Credit rating of debt investments as at the balance sheet date by rating agencies (continued):

Credit rating	The Group			
	Financial assets held for trading	Debt investments	Other debt investments	Total
31 December 2022				
AAA	30,882,185	91,521,904	64,211,601	186,615,690
AA+ to AA-	815,751	–	–	815,751
A+ to A-	417,577	268,948	8,003,779	8,690,304
BBB or below	5,134,316	139,777	1,785,110	7,059,203
Unrated				
– Government bonds	5,234,283	187,829,756	119,410,185	312,474,224
– Financial institution bonds	12,648,246	107,050,429	85,014,012	204,712,687
– Interbank deposits	–	344,795	40,804,794	41,149,589
– Corporate bonds	152,334	–	569,394	721,728
– Fund trust and asset management plans	11,829,275	13,655,014	–	25,484,289
– Fund investment	101,820,967	–	–	101,820,967
– Debt financing plan	–	59,961,776	–	59,961,776

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

(3) *Credit rating of debt investments as at the balance sheet date by rating agencies (continued):*

Credit rating	The Bank			
	Financial assets held for trading	Debt investments	Other debt investments	Total
31 December 2023				
AAA	15,977,611	167,371,502	122,513,615	305,862,728
AA+ to AA-	140,381	-	-	140,381
A+ to A-	-	73,137	9,963,217	10,036,354
BBB or below	5,300,526	-	2,498,540	7,799,066
Unrated	-			
- Government bonds	3,873,241	188,885,008	93,906,461	286,664,710
- Financial institution bonds	17,625,694	126,867,197	96,918,884	241,411,775
- Interbank deposits	-	-	21,296,909	21,296,909
- Corporate bonds	539,294	-	413,074	952,368
- Fund trust and asset management plans	11,161,251	11,240,747	-	22,401,998
- Fund investment	63,493,320	-	-	63,493,320
- Debt financing plan	-	38,616,427	-	38,616,427

## XVI Financial instruments and risk management (continued)

### 2 Credit risk (continued)

#### (3) Credit rating of debt investments as at the balance sheet date by rating agencies (continued):

Credit rating	The Bank			
	Financial assets held for trading	Debt investments	Other debt investments	Total
31 December 2022				
AAA	30,599,608	90,872,606	64,211,601	185,683,815
AA+ to AA-	815,751	–	–	815,751
A+ to A-	417,577	268,948	8,003,779	8,690,304
BBB or below	5,134,316	139,777	1,785,110	7,059,203
Unrated				
– Government bonds	5,234,283	185,012,178	119,350,491	309,596,952
– Financial institution bonds	12,648,246	107,050,429	85,014,012	204,712,687
– Interbank deposits	–	344,795	40,804,794	41,149,589
– Corporate bonds	152,334	–	569,394	721,728
– Fund trust and asset management plans	11,221,044	13,655,014	–	24,876,058
– Fund investment	101,332,863	–	–	101,332,863
– Debt financing plan	–	59,961,776	–	59,961,776

Unrated bonds mainly comprise investments and trading securities issued by the Ministry of Finance, central bank, policy banks and other financial institutions that are market credit issuers but have not yet been rated by independent rating agencies.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk

Liquidity risk refers to the risk that a commercial bank cannot obtain sufficient funds at a reasonable cost for timely repayment of debts, performance of other payment obligations and satisfaction of other financial needs for normal business.

In accordance with the principle of separation of policy formulation, implementation and supervision functions, the Group has established a governance structure for liquidity risk management. It defines the functions, responsibilities and reporting lines of the Board of Directors and its special committees, the Board of Supervisors, the senior management, the Assets and Liabilities Management Committee and relevant departments to improve the effectiveness of liquidity risk management.

The Group strictly enforces regulatory requirements and the Bank's internal policies, adheres to a sound and prudent liquidity risk management strategy in accordance with the liquidity risk appetite requirements set by the Board of Directors, strengthens day-to-day liquidity management, increases the allocation of high-quality liquid assets, maintains moderate and reasonable provision and ensures a safe and smooth payment clearing process. The Group continuously optimises the asset and liability structure and prudently manages risk exposures. Through internal transfer price instruments, the Group proactively adjusts the total amount, structure and cash flow gap limits of assets and liabilities, extends the duration of liabilities, improves the stability of liabilities and narrows the maturity mismatch. The Group applies a variety of liquidity risk management tools and techniques to measure, assess, monitor and control bank-wide liquidity risk indicators, conducts quarterly the liquidity risk stress tests to analyse the liquidity risk tolerance and risk mitigation capacity under various scenarios. In addition, the Group conducts liquidity emergency drills regularly to verify the effectiveness and timeliness of emergency measures, to ensure a safe and smooth liquidity situation for the Bank under various contingencies.

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities

	The Group							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	83,124,258	-	-	-	-	-	148,872,750	231,997,008
Due from banks and other financial institutions	10,117,554	-	-	-	-	-	-	10,117,554
Placements with banks and other financial institutions	-	5,233,721	10,417,195	47,808,419	-	-	-	63,459,335
Financial assets held under resale agreements	-	112,269,846	-	-	-	-	-	112,269,846
Loans and advances to customers (i)	243,147,994	76,641,085	186,467,708	616,930,277	538,359,688	586,966,570	15,919,706	2,264,433,028
Financial assets held for trading	66,906,196	503,275	4,340,500	16,141,144	18,140,122	18,791,903	-	124,823,140
Debt investments	2,355,101	1,760,942	7,510,225	67,367,880	355,692,908	175,285,311	-	609,972,367
Other debt investments	5,036	2,092,805	9,852,617	69,190,759	201,266,600	104,933,814	-	387,341,631
Investments in other equity instruments	-	-	-	-	-	-	4,870,595	4,870,595
Other assets	2,384,930	9,014,639	146,885	156,697	163,786	288,804	276,166	12,431,907
Total non-derivative assets	408,041,069	207,516,313	218,735,130	817,595,176	1,113,623,104	886,266,402	169,939,217	3,821,716,411



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Group							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(3,388,889)	(17,248,082)	(59,391,920)	-	-	-	(80,028,891)
Due to banks and other financial institutions	(38,575,762)	(52,280,655)	(208,076,565)	(114,452,229)	-	-	-	(413,385,211)
Placements from banks and other financial institutions	-	(74,709,983)	(5,021,154)	(9,187,320)	-	-	-	(88,918,457)
Financial assets sold under repurchase agreements	-	(154,302,336)	(6,922,739)	(7,502,176)	-	-	-	(168,727,251)
Financial liabilities held for trading	(142,070)	-	-	-	(75,238)	-	-	(217,308)
Customer deposits	(941,687,514)	(194,077,825)	(169,521,771)	(403,273,939)	(569,322,684)	(4,060,516)	-	(2,281,944,249)
Bonds issued	-	(39,010,000)	(67,990,000)	(117,271,350)	(28,713,900)	(37,160,950)	-	(290,146,200)
Other liabilities	(642,158)	(1,298,297)	(291,427)	(1,350,416)	(3,170,847)	(558,728)	(745,128)	(8,057,001)
<b>Total non-derivative liabilities</b>	<b>(981,047,504)</b>	<b>(519,067,985)</b>	<b>(475,071,738)</b>	<b>(712,429,350)</b>	<b>(601,282,669)</b>	<b>(41,780,194)</b>	<b>(745,128)</b>	<b>(3,331,424,568)</b>
Net position	(573,006,435)	(311,551,672)	(256,336,608)	105,165,826	512,340,435	844,486,208	169,194,089	490,291,843
Derivative financial instruments settled on a total basis								
Cash inflows	13,349,839	128,349,531	68,330,581	154,033,846	6,566,448	-	-	370,630,245
Cash outflows	(13,416,065)	(136,487,773)	(76,129,937)	(161,226,757)	(6,519,927)	-	-	(393,780,459)
Derivative financial instruments settled on a net basis	-	(4,522)	(4,102)	(14,307)	(76,092)	1,102	-	(97,921)

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Group							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	39,026,404	-	-	-	-	-	162,885,241	201,911,645
Due from banks and other financial institutions	13,031,046	-	230,102	-	-	-	-	13,261,148
Placements with banks and other financial institutions	-	5,900,676	21,899,041	34,821,956	-	-	-	62,621,673
Financial assets held under resale agreements	-	122,753,682	-	-	-	-	-	122,753,682
Loans and advances to customers (i)	279,426,125	90,079,060	166,454,676	622,576,814	438,433,037	659,853,537	18,760,891	2,275,584,140
Financial assets held for trading	104,962,178	163,976	3,975,238	16,097,542	27,888,842	22,572,402	-	175,660,178
Debt investments	1,035,953	4,167,462	11,678,447	83,616,042	243,974,745	179,069,113	-	523,541,762
Other debt investments	9,072	11,454,632	12,444,028	82,656,371	166,845,463	75,464,038	-	348,873,604
Investments in other equity instruments	-	-	-	-	-	-	2,348,781	2,348,781
Other assets	230,502	8,776,316	220,186	275,763	142,442	42,540	1,729,692	11,417,441
<b>Total non-derivative assets</b>	<b>437,721,280</b>	<b>243,295,804</b>	<b>216,901,718</b>	<b>840,044,488</b>	<b>877,284,529</b>	<b>937,001,630</b>	<b>185,724,605</b>	<b>3,737,974,054</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Group							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(1,061,864)	(2,057,513)	(14,975,446)	-	-	-	(18,094,823)
Due to banks and other financial institutions	(38,594,212)	(62,260,622)	(200,510,320)	(72,337,681)	-	-	-	(373,702,835)
Placements from banks and other financial institutions	-	(41,543,572)	(15,845,963)	(7,801,339)	-	-	-	(65,190,874)
Financial assets sold under repurchase agreements	-	(173,076,232)	(7,687,414)	(8,120,482)	-	-	-	(188,884,128)
Financial liabilities held for trading	(122,614)	-	-	-	(11,614)	-	-	(134,228)
Customer deposits	(891,007,559)	(1,015,711,466)	(24,897,840)	(75,587,178)	(177,707,097)	(335,603)	-	(2,185,246,743)
Bonds issued	-	(17,864,836)	(124,015,808)	(101,818,814)	(88,560,400)	(3,973,550)	-	(336,233,408)
Other liabilities	(424,700)	(1,842,738)	(605,460)	(1,280,770)	(3,327,631)	(605,765)	(733,811)	(8,820,875)
<b>Total non-derivative liabilities</b>	<b>(930,149,085)</b>	<b>(1,313,361,330)</b>	<b>(375,620,318)</b>	<b>(281,921,710)</b>	<b>(269,606,742)</b>	<b>(4,914,918)</b>	<b>(733,811)</b>	<b>(3,176,307,914)</b>
Net position	(492,427,805)	(1,070,065,526)	(158,718,600)	558,122,778	607,677,787	932,086,712	184,990,794	561,666,140
Derivative financial instruments settled on a total basis								
Cash inflows	819,479	80,780,415	78,635,122	183,109,864	18,883,827	1,775	-	362,230,482
Cash outflows	(1,520,470)	(94,408,693)	(90,270,608)	(149,596,158)	(18,493,419)	(2,239)	-	(354,291,587)
Derivative financial instruments settled on a net basis	5,067	13,613	60,607	(17,221)	259,760	-	-	321,826

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Bank							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	83,124,258	-	-	-	-	-	148,872,750	231,997,008
Due from banks and other financial institutions	9,775,346	-	-	-	-	-	-	9,775,346
Placements with banks and other financial institutions	-	5,233,721	10,417,195	47,808,419	-	-	-	63,459,335
Financial assets held under resale agreements	-	112,269,846	-	-	-	-	-	112,269,846
Loans and advances to customers (i)	243,147,994	76,641,085	186,467,708	616,930,277	538,359,688	586,966,570	15,919,706	2,264,433,028
Financial assets held for trading	66,601,644	50,452	4,340,500	15,629,405	17,846,145	18,791,903	-	123,260,049
Debt investments	2,355,101	1,760,942	7,510,225	67,277,785	354,488,600	172,717,137	-	606,109,790
Other debt investments	5,036	2,092,805	9,850,006	69,187,932	201,244,852	104,705,198	-	387,085,829
Investments in other equity instruments	-	-	-	-	-	-	4,870,595	4,870,595
Other assets	2,384,930	8,939,519	146,885	156,697	163,786	288,804	262,338	12,342,959
Total non-derivative assets	407,394,309	206,988,370	218,732,519	816,990,515	1,112,103,071	883,469,612	169,925,389	3,815,603,785

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Bank							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(3,388,889)	(17,248,082)	(59,391,920)	-	-	-	(80,028,891)
Due to banks and other financial institutions	(38,575,762)	(52,305,667)	(208,076,565)	(114,452,229)	-	-	-	(413,410,223)
Placements from banks and other financial institutions	-	(74,709,983)	(5,021,154)	(9,187,320)	-	-	-	(88,918,457)
Financial assets sold under repurchase agreements	-	(154,302,336)	(6,922,739)	(7,502,176)	-	-	-	(168,727,251)
Financial liabilities held for trading	(142,070)	-	-	-	(75,238)	-	-	(217,308)
Customer deposits	(941,687,514)	(194,077,825)	(169,521,771)	(403,273,939)	(569,322,684)	(4,060,516)	-	(2,281,944,249)
Bonds issued	-	(39,010,000)	(67,990,000)	(117,271,350)	(28,713,900)	(37,160,950)	-	(290,146,200)
Other liabilities	(642,158)	(1,295,325)	(288,652)	(1,337,926)	(3,163,908)	(558,728)	(662,830)	(7,949,527)
<b>Total non-derivative liabilities</b>	<b>(981,047,504)</b>	<b>(519,090,025)</b>	<b>(475,068,963)</b>	<b>(712,416,860)</b>	<b>(601,275,730)</b>	<b>(41,780,194)</b>	<b>(662,830)</b>	<b>(3,331,342,106)</b>
Net position	(573,653,195)	(312,101,655)	(256,336,444)	104,573,655	510,827,341	841,689,418	169,262,559	484,261,679
Derivative financial instruments settled on a total basis								
Cash inflows	13,349,839	128,349,531	68,330,581	154,033,846	6,566,448	-	-	370,630,245
Cash outflows	(13,416,065)	(136,487,773)	(76,129,937)	(161,226,757)	(6,519,927)	-	-	(393,780,459)
Derivative financial instruments settled on a net basis	-	(4,522)	(4,102)	(14,307)	(76,092)	1,102	-	(97,921)

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Bank							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	39,026,404	-	-	-	-	-	162,885,241	201,911,645
Due from banks and other financial institutions	13,030,831	-	-	-	-	-	-	13,030,831
Placements with banks and other financial institutions	-	5,900,676	21,899,041	34,821,956	-	-	-	62,621,673
Financial assets held under resale agreements	-	122,753,682	-	-	-	-	-	122,753,682
Loans and advances to customers (i)	279,426,125	90,079,060	166,454,676	622,576,814	438,433,037	659,853,537	18,760,891	2,275,584,140
Financial assets held for trading	104,474,073	87,546	3,974,735	15,553,791	27,568,907	22,572,402	-	174,231,454
Debt investments	1,035,953	4,167,462	11,678,447	83,322,367	242,839,191	176,433,114	-	519,476,534
Other debt investments	9,072	11,454,632	12,443,355	82,655,422	166,838,979	75,396,921	-	348,798,381
Investments in other equity instruments	-	-	-	-	-	-	2,348,781	2,348,781
Other assets	228,903	8,776,316	107,013	275,763	137,408	42,540	1,729,692	11,297,635
<b>Total non-derivative assets</b>	<b>437,231,361</b>	<b>243,219,374</b>	<b>216,557,267</b>	<b>839,206,113</b>	<b>875,817,522</b>	<b>934,298,514</b>	<b>185,724,605</b>	<b>3,732,054,756</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Bank							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(1,061,864)	(2,057,513)	(14,975,446)	-	-	-	(18,094,823)
Due to banks and other financial institutions	(38,644,808)	(62,260,622)	(200,510,320)	(72,337,681)	-	-	-	(373,753,431)
Placements from banks and other financial institutions	-	(41,543,572)	(15,845,963)	(7,801,339)	-	-	-	(65,190,874)
Financial assets sold under repurchase agreements	-	(173,076,232)	(7,687,414)	(8,120,482)	-	-	-	(188,884,128)
Financial liabilities held for trading	(122,614)	-	-	-	(11,614)	-	-	(134,228)
Customer deposits	(891,007,559)	(1,015,711,466)	(24,897,840)	(75,587,178)	(177,707,097)	(335,603)	-	(2,185,246,743)
Bonds issued	-	(17,864,836)	(124,015,808)	(101,818,814)	(88,560,400)	(3,973,550)	-	(336,233,408)
Other liabilities	(420,532)	(1,841,859)	(604,900)	(1,333,593)	(3,327,631)	(605,765)	(733,811)	(8,868,091)
<b>Total non-derivative liabilities</b>	<b>(930,195,513)</b>	<b>(1,313,360,451)</b>	<b>(375,619,758)</b>	<b>(281,974,533)</b>	<b>(269,606,742)</b>	<b>(4,914,918)</b>	<b>(733,811)</b>	<b>(3,176,405,726)</b>
Net position	(492,964,152)	(1,070,141,077)	(159,062,491)	557,231,580	606,210,780	929,383,596	184,990,794	555,649,030
Derivative financial instruments settled on a total basis								
Cash inflows	819,479	80,780,415	78,635,122	183,109,864	18,883,827	1,775	-	362,230,482
Cash outflows	(1,520,470)	(94,408,693)	(90,270,608)	(149,596,158)	(18,493,419)	(2,239)	-	(354,291,587)
Derivative financial instruments settled on a net basis	5,067	13,613	60,607	(17,221)	259,760	-	-	321,826

- (i) For loans and advances to customers, the "indefinite" period represents the balance being impaired or not impaired and overdue for more than one month. The balance not impaired and overdue within one month is included in "overdue". They are disclosed with net amount measured at cost less impairment.

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis

The table below summarises the maturity analysis of the carrying amount of assets and liabilities based on the remaining maturity from the balance sheet date to the contract maturities:

	The Group							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	83,124,258	-	-	-	-	-	148,872,750	231,997,008
Due from banks and other financial institutions	10,117,554	-	-	-	-	-	-	10,117,554
Placements with banks and other financial institutions	-	5,180,686	10,202,302	46,913,110	-	-	-	62,296,098
Financial assets held under resale agreements	-	112,252,131	-	-	-	-	-	112,252,131
Loans and advances to customers	243,147,994	76,572,737	185,764,115	606,377,707	484,440,132	408,709,964	15,919,706	2,020,932,355
Derivative financial assets	3,629	739,448	915,324	2,237,391	3,692,006	-	-	7,587,798
Financial assets held for trading	66,906,195	499,663	4,287,394	15,448,622	16,036,292	16,463,040	-	119,641,206
Debt investments	2,355,101	1,453,410	6,653,100	58,797,452	315,541,435	151,600,592	-	536,401,090
Other debt investments	5,036	2,039,647	9,568,992	64,440,558	179,089,431	92,571,172	-	347,714,836
Investments in other equity instruments	-	-	-	-	-	-	4,870,595	4,870,595
Other assets	2,384,930	9,014,639	146,885	156,697	163,786	288,804	276,166	12,431,907
<b>Total assets</b>	<b>408,044,697</b>	<b>207,752,361</b>	<b>217,538,112</b>	<b>794,371,537</b>	<b>998,963,082</b>	<b>669,633,572</b>	<b>169,939,217</b>	<b>3,466,242,578</b>



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

	The Group							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(3,080,208)	(10,764,635)	(53,170,419)	-	-	-	(67,015,262)
Due to banks and other financial institutions	(38,575,762)	(52,212,315)	(207,238,812)	(113,141,433)	-	-	-	(411,168,322)
Placements from banks and other financial institutions	-	(74,683,359)	(4,985,425)	(9,111,033)	-	-	-	(88,779,817)
Financial assets sold under repurchase agreements	-	(154,210,525)	(6,515,821)	(6,996,567)	-	-	-	(167,722,913)
Financial liabilities held for trading	(142,070)	-	-	-	(75,238)	-	-	(217,308)
Derivative financial liabilities	(4,043)	(628,704)	(915,037)	(1,930,779)	(3,748,798)	(374)	-	(7,227,735)
Customer deposits	(941,687,514)	(187,281,624)	(156,631,743)	(349,924,233)	(542,383,094)	(3,617,264)	-	(2,181,525,472)
Bonds issued	-	(38,979,173)	(67,654,860)	(114,040,111)	(21,999,980)	(33,499,578)	-	(276,173,702)
Other liabilities	(642,158)	(1,290,026)	(278,249)	(1,283,627)	(2,989,003)	(493,801)	(745,128)	(7,721,992)
Total liabilities	(981,051,547)	(512,365,934)	(454,984,582)	(649,598,202)	(571,196,113)	(37,611,017)	(745,128)	(3,207,552,523)
Net liquidity	(573,006,850)	(304,613,573)	(237,446,470)	144,773,335	427,766,969	632,022,555	169,194,089	258,690,055

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

	The Group							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	39,026,404	-	-	-	-	-	162,885,241	201,911,645
Due from banks and other financial institutions	13,031,046	-	230,102	-	-	-	-	13,261,148
Placements with banks and other financial institutions	-	5,895,511	21,792,102	34,330,282	-	-	-	62,017,895
Financial assets held under resale agreements	-	122,681,971	-	-	-	-	-	122,681,971
Loans and advances to customers	279,426,125	90,133,803	166,092,961	613,052,655	389,106,891	444,046,897	18,760,891	2,000,620,223
Derivative financial assets	20,710	1,302,277	1,745,352	4,633,308	4,188,466	1,837	-	11,891,950
Financial assets held for trading	104,961,051	136,382	3,742,174	14,979,051	24,544,433	20,571,843	-	168,934,934
Debt investments	1,035,953	3,167,103	9,724,149	72,763,267	211,058,945	163,022,982	-	460,772,399
Other debt investments	9,072	10,772,516	11,157,398	77,866,159	150,396,382	69,597,348	-	319,798,875
Investments in other equity instruments	-	-	-	-	-	-	2,348,781	2,348,781
Other assets	230,502	8,776,316	220,186	275,763	142,442	42,540	1,729,692	11,417,441
<b>Total assets</b>	<b>437,740,863</b>	<b>242,865,879</b>	<b>214,704,424</b>	<b>817,900,485</b>	<b>779,437,559</b>	<b>697,283,447</b>	<b>185,724,605</b>	<b>3,375,657,262</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

	The Group							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(1,027,251)	(2,047,786)	(14,729,657)	-	-	-	(17,804,694)
Due to banks and other financial institutions	(38,594,212)	(62,232,430)	(199,809,726)	(71,902,837)	-	-	-	(372,539,205)
Placements from banks and other financial institutions	-	(41,523,825)	(15,764,639)	(7,768,577)	-	-	-	(65,057,041)
Financial assets sold under repurchase agreements	-	(173,004,625)	(7,588,744)	(7,988,340)	-	-	-	(188,581,709)
Financial liabilities held for trading	(122,614)	-	-	-	(11,614)	-	-	(134,228)
Derivative financial liabilities	(6,435)	(1,194,684)	(1,883,606)	(3,988,295)	(4,197,064)	-	-	(11,270,084)
Customer deposits	(891,007,559)	(1,014,069,157)	(23,821,583)	(71,658,223)	(169,044,326)	(297,609)	-	(2,169,898,457)
Bonds issued	-	(16,807,595)	(120,032,414)	(68,681,494)	(82,672,168)	(3,525,462)	-	(291,719,133)
Other liabilities	(424,700)	(1,841,961)	(604,698)	(1,262,594)	(3,053,187)	(486,836)	(733,811)	(8,407,787)
<b>Total liabilities</b>	<b>(930,155,520)</b>	<b>(1,311,701,528)</b>	<b>(371,553,196)</b>	<b>(247,980,017)</b>	<b>(258,978,359)</b>	<b>(4,309,907)</b>	<b>(733,811)</b>	<b>(3,125,412,338)</b>
Net liquidity	(492,414,657)	(1,068,835,649)	(156,848,772)	569,920,468	520,459,200	692,973,540	184,990,794	250,244,924

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

	The Bank							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	83,124,258	-	-	-	-	-	148,872,750	231,997,008
Due from banks and other financial institutions	9,775,346	-	-	-	-	-	-	9,775,346
Placements with banks and other financial institutions	-	5,180,686	10,202,302	46,913,110	-	-	-	62,296,098
Financial assets held under resale agreements	-	112,252,131	-	-	-	-	-	112,252,131
Loans and advances to customers	243,147,994	76,572,737	185,764,115	606,377,707	484,440,132	408,709,964	15,919,706	2,020,932,355
Derivative financial assets	3,629	739,448	915,324	2,237,391	3,692,006	-	-	7,587,798
Financial assets held for trading	66,601,644	46,840	4,287,394	14,948,117	15,764,283	16,463,040	-	118,111,318
Debt investments	2,355,101	1,453,410	6,653,100	58,775,278	314,665,128	149,152,001	-	533,054,018
Other debt investments	5,036	2,039,647	9,566,999	64,440,371	179,089,431	92,369,216	-	347,510,700
Investments in other equity instruments	-	-	-	-	-	-	4,870,595	4,870,595
Other assets	2,384,930	8,939,519	146,885	156,697	163,786	288,804	262,338	12,342,959
<b>Total assets</b>	<b>407,397,938</b>	<b>207,224,418</b>	<b>217,536,119</b>	<b>793,848,671</b>	<b>997,814,766</b>	<b>666,983,025</b>	<b>169,925,389</b>	<b>3,460,730,326</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

	The Bank							Total
	31 December 2023							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(3,080,208)	(10,764,635)	(53,170,419)	-	-	-	(67,015,262)
Due to banks and other financial institutions	(38,575,762)	(52,237,326)	(207,238,813)	(113,141,433)	-	-	-	(411,193,334)
Placements from banks and other financial institutions	-	(74,683,359)	(4,985,425)	(9,111,033)	-	-	-	(88,779,817)
Financial assets sold under repurchase agreements	-	(154,210,525)	(6,515,821)	(6,996,567)	-	-	-	(167,722,913)
Financial liabilities held for trading	(142,070)	-	-	-	(75,238)	-	-	(217,308)
Derivative financial liabilities	(4,043)	(628,704)	(915,037)	(1,930,779)	(3,748,798)	(374)	-	(7,227,735)
Customer deposits	(941,687,514)	(187,281,624)	(156,631,743)	(349,924,233)	(542,383,094)	(3,617,264)	-	(2,181,525,472)
Bonds issued	-	(38,979,173)	(67,654,860)	(114,040,111)	(21,999,980)	(33,499,578)	-	(276,173,702)
Other liabilities	(642,158)	(1,287,098)	(275,560)	(1,271,526)	(2,982,281)	(493,801)	(662,830)	(7,615,254)
Total liabilities	(981,051,547)	(512,388,017)	(454,981,894)	(649,586,101)	(571,189,391)	(37,611,017)	(662,830)	(3,207,470,797)
Net liquidity	(573,653,609)	(305,163,599)	(237,445,775)	144,262,570	426,625,375	629,372,008	169,262,559	253,259,529

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

The Bank								
31 December 2022								
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Cash and due from central banks	39,026,404	-	-	-	-	-	162,885,241	201,911,645
Due from banks and other financial institutions	13,030,831	-	-	-	-	-	-	13,030,831
Placements with banks and other financial institutions	-	5,895,511	21,792,102	34,330,282	-	-	-	62,017,895
Financial assets held under resale agreements	-	122,681,971	-	-	-	-	-	122,681,971
Loans and advances to customers	279,426,125	90,133,803	166,092,961	613,052,655	389,106,891	444,046,897	18,760,891	2,000,620,223
Derivative financial assets	20,710	1,302,277	1,745,352	4,633,308	4,188,466	1,837	-	11,891,950
Financial assets held for trading	104,472,947	59,952	3,741,671	14,447,753	24,261,856	20,571,843	-	167,556,022
Debt investments	1,035,953	3,167,103	9,724,149	72,559,645	210,250,692	160,567,981	-	457,305,523
Other debt investments	9,072	10,772,516	11,157,398	77,866,159	150,396,382	69,537,654	-	319,739,181
Investments in other equity instruments	-	-	-	-	-	-	2,348,781	2,348,781
Other assets	228,903	8,776,316	107,013	275,763	137,408	42,540	1,729,692	11,297,635
<b>Total assets</b>	<b>437,250,945</b>	<b>242,789,449</b>	<b>214,360,646</b>	<b>817,165,565</b>	<b>778,341,695</b>	<b>694,768,752</b>	<b>185,724,605</b>	<b>3,370,401,657</b>

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (2) Maturity analysis (continued)

	The Bank							Total
	31 December 2022							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(1,027,251)	(2,047,786)	(14,729,657)	-	-	-	(17,804,694)
Due to banks and other financial institutions	(38,644,808)	(62,232,430)	(199,809,726)	(71,902,837)	-	-	-	(372,589,801)
Placements from banks and other financial institutions	-	(41,523,825)	(15,764,639)	(7,768,577)	-	-	-	(65,057,041)
Financial assets sold under repurchase agreements	-	(173,004,625)	(7,588,744)	(7,988,340)	-	-	-	(188,581,709)
Financial liabilities held for trading	(122,614)	-	-	-	(11,614)	-	-	(134,228)
Derivative financial liabilities	(6,435)	(1,194,684)	(1,883,606)	(3,988,295)	(4,197,064)	-	-	(11,270,084)
Customer deposits	(891,007,559)	(1,014,069,157)	(23,821,583)	(71,658,223)	(169,044,326)	(297,609)	-	(2,169,898,457)
Bonds issued	-	(16,807,595)	(120,032,414)	(68,681,494)	(82,672,168)	(3,525,462)	-	(291,719,133)
Other liabilities	(420,532)	(1,839,398)	(602,133)	(1,307,465)	(3,029,877)	(483,045)	(733,811)	(8,416,261)
<b>Total liabilities</b>	<b>(930,201,948)</b>	<b>(1,311,698,965)</b>	<b>(371,550,631)</b>	<b>(248,024,888)</b>	<b>(258,955,049)</b>	<b>(4,306,116)</b>	<b>(733,811)</b>	<b>(3,125,471,408)</b>
<b>Net liquidity</b>	<b>(492,951,003)</b>	<b>(1,068,909,516)</b>	<b>(157,189,985)</b>	<b>569,140,677</b>	<b>519,386,646</b>	<b>690,462,636</b>	<b>184,990,794</b>	<b>244,930,249</b>

- (i) For loans and advances to customers, the “indefinite” period represents the balance being impaired or not impaired and overdue for more than one month. The balance not impaired and overdue within one month is included in “overdue”. They are disclosed with net amount measured at cost less impairment.

## XVI Financial instruments and risk management (continued)

### 3 Liquidity risk (continued)

#### (3) Off-balance sheet items

The off-balance sheet items of the Group and the Bank are mainly unused credit card limits, loan commitments, bank acceptance notes, issuance of guarantees and warranties and issuance of letters of credit. The following table sets out the amounts of off-balance sheet items by the maturity date of the contract, with financial guarantee contracts shown in nominal amounts by the earliest maturity date of the contract:

	31 December 2023			
	Within 1 year	1 to 5 years	Over 5 years	Total
Undrawn credit facilities	853,128,231	-	-	853,128,231
Loan commitments	4,429,393	20,467,498	12,166,403	37,063,294
Bank acceptance notes	304,284,069	-	-	304,284,069
Guarantee and letters of guarantee issued	35,601,259	20,809,351	3,997,600	60,408,210
Letters of credit issued	70,459,300	67,175	-	70,526,475
<b>Total</b>	<b>1,267,902,252</b>	<b>41,344,024</b>	<b>16,164,003</b>	<b>1,325,410,279</b>

	31 December 2022			
	Within 1 year	1 to 5 years	Over 5 years	Total
Undrawn credit facilities	850,341,459	-	-	850,341,459
Loan commitments	4,918,704	20,819,779	7,483,597	33,222,080
Bank acceptance notes	329,512,744	-	-	329,512,744
Guarantee and letters of guarantee issued	37,077,537	19,708,173	2,016,273	58,801,983
Letters of credit issued	67,268,556	51,288	-	67,319,844
<b>Total</b>	<b>1,289,119,000</b>	<b>40,579,240</b>	<b>9,499,870</b>	<b>1,339,198,110</b>



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates

#### *Determination of fair value of financial instruments*

The Group and the Bank's financial assets and liabilities mainly include cash and due from central banks, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets and liabilities at fair value through profit or loss, derivative financial instruments, financial assets held under resale agreements, loans and advances to customers, financial assets at amortised cost, financial assets at fair value through other comprehensive income, due to central banks, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, customer deposits and bonds issued.

- (i) Financial assets including cash and due from central banks, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, and financial liabilities including borrowings from central banks, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts are the approximation of the fair value.
- (ii) Financial assets and liabilities at fair value through profit or loss, derivative financial instruments and financial assets at fair value through other comprehensive income are stated at fair value unless the fair value is unable to be measured. For the financial instruments in active open market, the Group and the Bank adopt market price or market interest rate as the best estimate for their fair value. For the financial instruments without market price or market interest rate, the Bank determines the fair value of these financial assets and financial liabilities by discounted cash flows or other valuation methods.
- (iii) The fair value of financial assets at amortised cost and bonds issued are usually determined with reference to the available market price or quotation from brokers or agents. If the relevant market information cannot be obtained, the Bank will refer to the yield of the securities products with similar characteristics such as credit risk and maturity, to estimate the fair value based on pricing model or discounted cash flows.
- (iv) Loans and advances to customers are listed at the net amount after deducting the provision for impairment. Most loans and advances to customers are priced at floating rates similar to the LPR. Therefore, the carrying amounts of these loans and advances to customers are reasonable approximation of their fair values.
- (v) Customer deposits are mostly demand deposits or time deposits within one year, priced at floating rates or short-term rates approximating PBOC interest rate. Therefore, the carrying amounts of these customer deposits are reasonable approximation of their fair values.

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates (continued)

#### *Determination of fair value of financial instruments (continued)*

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

#### *(1) Assets and liabilities measured at fair value on a recurring basis*

As at 31 December 2023, the assets measured at fair value on a recurring basis by the above three levels were analysed below:

	The Group			
	Level 1	Level 2	Level 3	Total
Asset				
Precious metals	2,182,633	–	–	2,182,633
Financial assets held for trading	6,345,717	98,436,332	14,859,157	119,641,206
Derivative financial assets	–	7,587,798	–	7,587,798
Loans and advances to customers	–	206,728,240	–	206,728,240
Other debt investments	44,411,276	285,055,326	18,248,234	347,714,836
Investments in other equity instruments	1,073,945	–	3,796,650	4,870,595
Total assets measured at fair value on a recurring basis	54,013,571	597,807,696	36,904,041	688,725,308
Liabilities				
Financial liabilities held for trading	–	(217,308)	–	(217,308)
Derivative financial liabilities	–	(7,227,735)	–	(7,227,735)
Total liabilities measured at fair value on a recurring basis	–	(7,445,043)	–	(7,445,043)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates (continued)

#### (1) Assets and liabilities measured at fair value on a recurring basis (continued)

As at 31 December 2023, the assets measured at fair value on a recurring basis by the above three levels were analysed below (continued):

	The Bank			Total
	Level 1	Level 2	Level 3	
Asset				
Precious metals	2,182,633	–	–	2,182,633
Financial assets held for trading	6,345,717	97,859,772	13,905,829	118,111,318
Derivative financial assets	–	7,587,798	–	7,587,798
Loans and advances to customers	–	206,728,240	–	206,728,240
Other debt investments	44,411,276	284,851,190	18,248,234	347,510,700
Investments in other equity instruments	1,073,945	–	3,796,650	4,870,595
Total assets measured at fair value on a recurring basis	54,013,571	597,027,000	35,950,713	686,991,284
Liabilities				
Financial liabilities held for trading	–	(217,308)	–	(217,308)
Derivative financial liabilities	–	(7,227,735)	–	(7,227,735)
Total liabilities measured at fair value on a recurring basis	–	(7,445,043)	–	(7,445,043)

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates (continued)

#### (1) Assets and liabilities measured at fair value on a recurring basis (continued)

As at 31 December 2022, the assets measured at fair value on a recurring basis by the above three levels were analysed below (continued):

	The Group			Total
	Level 1	Level 2	Level 3	
Asset				
Precious metals	1,493,950	–	–	1,493,950
Financial assets held for trading	6,759,116	148,106,799	14,069,019	168,934,934
Derivative financial assets	–	11,891,950	–	11,891,950
Loans and advances to customers	–	275,415,821	–	275,415,821
Other debt investments	84,791,782	231,931,385	3,075,708	319,798,875
Investments in other equity instruments	961,745	–	1,387,036	2,348,781
Total assets measured at fair value on a recurring basis	94,006,593	667,345,955	18,531,763	779,884,311
Liabilities				
Financial liabilities held for trading	–	(134,228)	–	(134,228)
Derivative financial liabilities	–	(11,270,084)	–	(11,270,084)
Total liabilities measured at fair value on a recurring basis	–	(11,404,312)	–	(11,404,312)
	The Bank			Total
	Level 1	Level 2	Level 3	
Asset				
Precious metals	1,493,950	–	–	1,493,950
Financial assets held for trading	6,759,116	147,336,118	13,460,788	167,556,022
Derivative financial assets	–	11,891,950	–	11,891,950
Loans and advances to customers	–	275,415,821	–	275,415,821
Other debt investments	84,791,782	231,871,691	3,075,708	319,739,181
Investments in other equity instruments	961,745	–	1,387,036	2,348,781
Total assets measured at fair value on a recurring basis	94,006,593	666,515,580	17,923,532	778,445,705
Liabilities				
Financial liabilities held for trading	–	(134,228)	–	(134,228)
Derivative financial liabilities	–	(11,270,084)	–	(11,270,084)
Total liabilities measured at fair value on a recurring basis	–	(11,404,312)	–	(11,404,312)

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates (continued)

#### (1) Assets and liabilities measured at fair value on a recurring basis (continued)

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group and the Bank using valuation techniques. The valuation models used mainly comprise discounted cash flow model and market comparable company model. The inputs of the valuation technique mainly include forecast cash flows, risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and liquidity discount, etc.

As at 31 December 2023 and 31 December 2022, the changes in Level 3 assets and liabilities were analysed below:

	The Group		
	Financial assets held for trading	Other debt investments	Other equity instruments
1 January 2023	14,069,019	3,075,708	1,387,036
Increase in the current period	1,120,330	17,849,000	114,450
Settled/disposed in the current period	(603,303)	(3,075,708)	(93,693)
Gains/losses recognised in profit and loss	273,111	399,234	–
Gains recognised in other comprehensive income	–	–	2,388,857
31 December 2023	14,859,157	18,248,234	3,796,650
1 January 2022	10,837,721	–	1,322,918
Increase in the current period	3,522,333	3,000,000	80,551
Settled/disposed in the current period	(619,304)	–	–
Gains/losses recognised in profit and loss	328,269	75,708	–
Losses recognised in other comprehensive income	–	–	(16,433)
31 December 2022	14,069,019	3,075,708	1,387,036

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates (continued)

#### (1) Assets and liabilities measured at fair value on a recurring basis (continued)

	The Bank		
	Financial assets held for trading	Other debt investments	Other equity instruments
1 January 2023	13,460,788	3,075,708	1,387,036
Increase in the current period	220,330	17,849,000	114,450
Settled/disposed in the current period	(45,540)	(3,075,708)	(93,693)
Gains/losses recognised in profit and loss	270,251	399,234	–
Gains recognised in other comprehensive income	–	–	2,388,857
31 December 2023	13,905,829	18,248,234	3,796,650
1 January 2022	10,837,721	–	1,322,918
Increase in the current period	2,914,723	3,000,000	80,551
Settled/disposed in the current period	(619,304)	–	–
Gains/losses recognised in profit and loss	327,648	75,708	–
Losses recognised in other comprehensive income	–	–	(16,433)
31 December 2022	13,460,788	3,075,708	1,387,036

Financial instruments valued using unobservable market data and other valuation techniques mainly include unlisted equity, and the valuation methods used are primarily discounted cash flows and market comparable company approach, which involve unobservable assumptions including company cash flows, risk-adjusted discount rate, P/B ratio, P/E ratio and liquidity discount.

# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 4 Fair value estimates (continued)

#### (2) Assets measured at fair value on a non-recurring basis

In 2023 and 2022, the Group and the Bank had no asset or liability items measured at fair value on a non-recurring basis.

#### (3) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and financial liabilities at amortised cost of the Group and the Bank mainly comprise: due from central banks, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers measured at amortised cost, debt investments, due to central banks, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, customer deposits and bonds issued.

Except for financial assets and liabilities listed below, the carrying amount of other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	The Group			
	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt investments	536,401,090	543,444,958	460,772,399	464,707,580
Financial liabilities				
Bonds issued	276,173,702	277,602,546	291,719,133	292,460,793

	The Bank			
	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt investments	533,054,018	540,042,076	457,305,523	461,258,400
Financial liabilities				
Bonds issued	276,173,702	277,602,546	291,719,133	292,460,793

The fair value of debt investments that are traded in an active market is determined at the quoted market price, and categorised within Level 1 of the fair value hierarchy. The fair value of debt investment and bonds issued without active market quotation is determined by the valuation results of the China Central Depository & Clearing Co., Ltd., and categorised within Level 2 of the fair value hierarchy.

## XVI Financial instruments and risk management (continued)

### 5 Capital management

The Group's objectives on capital management are:

- Maintaining reasonable capital adequacy ratio to continue to meet regulatory rules and policy requirements on capital, and keeping stable capital base to ensure the Group's business growth and the implementation of its business development and strategic plan and to achieve comprehensive, coordinated and sustainable development;
- Complying with laws and regulations regarding capital, gradually adopting the advanced capital measurement approach, improving the internal assessment procedures for capital adequacy, disclosing information on capital management, covering all types of risks, and ensuring the secure operation of the Group;
- Applying quantified results of various risks, establishing a bank value management system centring around economic capital, improving the policy, process and application management system, strengthening the capital constraint and incentive mechanism, enhancing the Bank's product pricing and decision-making capabilities, and improving the capital allocation efficiency; and
- Making reasonable use of various capital instruments, continuously enhancing capital strength, refining capital structure, improving capital quality, reducing capital cost, and generating maximum return to shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust its appropriation of profit policy, issue or redeem own shares, other tier-one capital instruments, qualifying tier-two capital instruments and convertible corporate bonds, etc.

The Group's management regularly monitors capital adequacy ratio with methods by the former CBIRC.

On 1 January 2013, the Group started computing the capital adequacy ratios in accordance with the *Regulation Governing Capital of Commercial Banks (Provisional)* and other relevant regulations.

The commercial banks are required to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with the *Regulation Governing Capital of Commercial Banks (Provisional)* that the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively. The systemically important banks are required to meet the additional capital requirements from 1 January 2023 in accordance with the Additional Supervision Requirements for Systemically Important Banks (Trial). The Group is required to maintain 0.25% of additional capital, i.e., to maintain the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio not below 7.75%, 8.75% and 10.75%, respectively. In addition, those individual banking subsidiaries or branches incorporated outside Mainland China are also directly regulated and supervised by their local banking regulators. There are certain differences in the capital adequacy ratio requirements of different countries.



# Notes to the Financial Statements

Year ended 31 December 2023 Expressed in thousands of Renminbi

## XVI Financial instruments and risk management (continued)

### 5 Capital management (continued)

Risk-weighted assets included credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets. Credit risk-weighted assets include on-balance sheet risk-weighted assets, off-balance sheet risk-weighted assets and counterparty credit risk-weighted assets. The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit risk, market risk and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. The counterparty credit risk-weighted assets include counterparty credit risk assets arising from OTC derivatives financial instruments, securities financing transactions and transactions with central counterparties. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group are computed in accordance with the statutory financial statements of the Group prepared under CASs. As at 31 December 2023 and 31 December 2022, the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of the Group fully complied with relevant regulatory requirements.

The Group calculates the capital adequacy ratios in accordance with the *Regulation Governing Capital of Commercial Banks (Provisional)* and other relevant requirements as follows:

	2023	2022
Total core tier-one capital	<b>231,993,215</b>	216,858,309
Adjustment of ore tier-one capital	<b>(4,336,028)</b>	(3,688,296)
– Other intangible assets (excluding land use rights) net of related deferred tax liability	<b>(4,336,028)</b>	(3,688,296)
Net core tier 1 capital	<b>227,657,187</b>	213,170,013
Other tier 1 capital	<b>44,991,071</b>	44,991,071
Net tier 1 capital	<b>272,648,258</b>	258,161,084
Tier 2 capital	<b>53,361,218</b>	55,651,489
Total net capital	<b>326,009,476</b>	313,812,573
Total risk-weighted assets	<b>2,498,637,198</b>	2,420,993,282
– Credit risk-weighted assets	<b>2,337,278,217</b>	2,237,451,354
– Market risk-weighted assets	<b>26,453,233</b>	40,748,623
– Operational risk-weighted assets	<b>134,905,748</b>	142,793,305
Core tier 1 capital adequacy ratio	<b>9.11%</b>	8.81%
Tier 1 capital adequacy ratio	<b>10.91%</b>	10.66%
Capital adequacy ratio	<b>13.05%</b>	12.96%

## **XVII THE ACCOUNTANCY HANDLES AFTER THE BALANCE SHEET**

As of the date of approval of the financial statements, there is no significant events to be disclosed after the balance sheet date.

## **XVIII COMPARATIVE FIGURES**


The Group has reclassified some comparative figures for disclosure purpose.

## **XIX APPROVAL OF THE FINANCIAL STATEMENTS**






The financial statements were approved by the Board of Directors on 28 April 2024.

## Directory of organizations


### Head Office

-  Address: CGB Building, No. 713, Dongfengdong Road, Yuexiu District, Guangzhou, Guangdong
-  Telephone: 020-87311722
-  Fax: 020-87310779
-  Post code: 510080
-  Quantity of institution: 1

### Chongqing Branch

-  Address: 1-2/F, Podium Building, Unit 1 & 30-43/F, CGB Building, Unit 2, No. 99 Wuyi Road, Yuzhong District, Chongqing
-  Telephone: 023-63302266
-  Fax: 023-63329888
-  Post code: 400010
-  Quantity of institution: 11

### Beijing Branch

-  Address: CGB Building, 2A Dongchang'an Avenue, Dongcheng District, Beijing
-  Telephone: 010-65169365
-  Fax: 010-65266728
-  Post code: 100005
-  Quantity of institution: 54

### Dalian Branch

-  Address: No. 3, Zhongshan Plaza, Zhongshan District, Dalian, Liaoning
-  Telephone: 0411-82553811
-  Fax: 0411-82553258
-  Post code: 116001
-  Quantity of institution: 20

### Changchun Branch

-  Address: No. 105 and 106 Store of 1/F, 2/F, and 16-19/F, Shangdong International Tower A, No. 3000, Dongsheng Avenue, Erdao District, Changchun, Jilin
-  Telephone: 0431-81135096
-  Fax: 0431-81135000
-  Post code: 130000
-  Quantity of institution: 5

### Dongguan Branch

-  Address: Stores 101-103, 109, 110 and Office No. 207, 401-801, 902, CGB Financial Building, No. 3 Shizhu Road, Nancheng Street, Dongguan, Guangdong
-  Telephone: 0769-22508851
-  Fax: 0769-22508851
-  Post code: 523000
-  Quantity of institution: 50

### Changsha Branch

-  Address: CGB Building, No. 195 Binjiang Road, Yuelu District, Changsha, Hunan
-  Telephone: 0731-88335780
-  Fax: 0731-88335788
-  Post code: 410006
-  Quantity of institution: 27

### Foshan Branch

-  Address: CGB Building, No. 29, Jihua 5th Road, Chancheng District, Foshan, Guangdong
-  Telephone: 0757-83121027
-  Fax: 0757-83359356
-  Post code: 528000
-  Quantity of institution: 36

### Chengdu Branch

-  Address: 1-2, 17, 19-21/F, North Tower, Sichuan Investment Building, No. 112 Tiantai Road, High-Tech Zone, Chengdu, Sichuan
-  Telephone: 028-80587953
-  Fax: 028-85355943
-  Post code: 610041
-  Quantity of institution: 15

### Fuzhou Branch

-  Address: 1/F & 4/F, Shenfa Mansion, No. 132 Shuguang Road, Taijiang District, Fuzhou, Fujian
-  Telephone: 0591-28083903
-  Fax: 0591-28083903
-  Post code: 350009
-  Quantity of institution: 16

**Guangzhou Branch**

📍 Address: 1/F & 24-28/F, Nanyazhonghe Plaza, No. 57, Linjiang Avenue, Pearl River New Town, Tianhe District, Guangzhou, Guangdong

☎ Telephone: 020-38988800

📠 Fax: 020-83503050

✉ Post code: 510623

🏢 Quantity of institution: 60

**Hefei Branch**

📍 Address: 1, 42, 43/F, Block B, Anliang Dongyi Financial Plaza, No. 169 Funan Road, Luyang District, Hefei, Anhui

☎ Telephone: 0551-65955600

✉ Post code: 230061

🏢 Quantity of institution: 12

**Guiyang Branch**

📍 Address: "China Life Building", North Third Tower, Zhongtian Financial City Business District (North District), Changling North Road, Guanshanhu District, Guiyang, Guizhou

☎ Telephone: 0851-88800217

📠 Fax: 0851-88800217

✉ Post code: 550081

🏢 Quantity of institution: 2

**Heyuan Branch**

📍 Address: Youli Business Building, No. 19 Jianshe Avenue West, Heyuan, Guangdong

☎ Telephone: 0762-3168600 (switchboard)

📠 Fax: -

✉ Post code: 517000

🏢 Quantity of institution: 7

**Harbin Branch**

📍 Address: No. 2688, Qunli Fifth Avenue, Daoli District, Harbin, Heilongjiang

☎ Telephone: 0451-85872981

📠 Fax: -

✉ Post code: 150010

🏢 Quantity of institution: 23

**Hohhot Branch**

📍 Address: Building 1, Wanming Headquarters Base, No. 28, Ruyihe Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region

☎ Telephone: 0471-6116318

📠 Fax: 0471-6116316

✉ Post code: 010010

🏢 Quantity of institution: 1

**Haikou Branch**

📍 Address: 1-3F, Yilong Plaza, No. 15 Jinlong Road, Longhua District, Haikou, Hainan

☎ Telephone: 0898-31290055

📠 Fax: -

✉ Post code: 570125

🏢 Quantity of institution: 1

**Huizhou Branch**

📍 Address: No. 19, Xiapu Avenue, Huizhou, Guangdong

☎ Telephone: 0752-2119885

📠 Fax: 0752-2119888

✉ Post code: 516001

🏢 Quantity of institution: 19

**Hangzhou Branch**

📍 Address: No. 516 Yan'an Road, Hangzhou, Zhejiang

☎ Telephone: 0571-87019888 (switchboard)

📠 Fax: 0571-87917852

✉ Post code: 310006

🏢 Quantity of institution: 39

**Jiangmen Branch**

📍 Address: No. 49-5 Jianshe Road, Jiangmen, Guangdong

☎ Telephone: 0750-3288388 (switchboard)

📠 Fax: 0750-3288644

✉ Post code: 529000





🏢 Quantity of institution: 20

## Directory of organizations


### Jinan Branch

-  Address: CGB Building, No. 15, Jingsi Road, Shizhong District, Jinan, Shandong
-  Telephone: 0531-66669201
-  Fax: 0531-66669900
-  Post code: 250001
-  Quantity of institution: 20

### Nanjing Branch

-  Address: No. 238, Jiangdong Middle Road, Jianye District, Nanjing, Jiangsu
-  Telephone: 025-88812888 (switchboard)
-  Fax: 025-88812007
-  Post code: 210019
-  Quantity of institution: 39






### Kunming Branch

-  Address: No. 488 Guangfu Road, Xishan District, Kunming, Yunnan
-  Telephone: 0871-64177111
-  Fax: 0871-64177444
-  Post code: 650228
-  Quantity of institution: 26





### Nanning Branch

-  Address: Stores LG-12 to LG-13 on LG Floor, Shops L1-009 to L1-016 on the first floor and the entire floor from 23 to 26 on Block B, China-Asean International Trade and Logistics Center, No. 146 Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region
-  Telephone: 0771-5579656
-  Fax: 0771-2562608
-  Post code: 530000
-  Quantity of institution: 7

### Maoming Branch

-  Address: No. 159, No. 161, No. 163, Yingbin 3rd Road, Maoming, Guangdong
-  Telephone: 0668-3337007
-  Fax: 0668-2286313
-  Post code: 525000
-  Quantity of institution: 14






### Ningbo Branch

-  Address: No. Odd 11-27, Daqing South Road, Jiangbei District, Ningbo, Zhejiang
-  Telephone: 0574-87289888
-  Fax: 0574-87191000
-  Post code: 315000
-  Quantity of institution: 17

### Meizhou Branch

-  Address: 1-3/F, Block MB11, Meiyuanxincun, South Section, Jiangnan Binfang Avenue, Meizhou, Guangdong
-  Telephone: 0753-2308202
-  Fax: 0753-2243595
-  Post code: 514021
-  Quantity of institution: 10

### Qingdao Branch

-  Address: 29-31/F, and 1-2F of the Podium Buildings No.1&2, Guoxin Financial Center, No. 31, Xianxialing Road, Laoshan District, Qingdao, Shandong
-  Telephone: 0532-82632566
-  Fax: -
-  Post code: 266105
-  Quantity of institution: 1

### Nanchang Branch

-  Address: No. 1669, Hongguzhong Avenue, Honggutan New District, Nanchang, Jiangxi
-  Telephone: 0791-88550576
-  Fax: 0791-83895508
-  Post code: 330000
-  Quantity of institution: 9

### Qingyuan Branch

-  Address: No. 01 Office, Floors 1-2 F, Building 38, City Garden, No. 55 Lianjiang Road, Qingcheng District, Qingyuan, Guangdong
-  Telephone: 0763-3855018
-  Fax: 0763-3855010
-  Post code: 511500
-  Quantity of institution: 8

**Shanghai Branch**

-  Address: No. 88 Yincheng Road, Pudong New District, Shanghai
-  Telephone: 021-63901033
-  Fax: 021-63901929
-  Post code: 200120
-  Quantity of institution: 34

**Shijiazhuang Branch**

-  Address: 0-101, 0-302A, 20-23/F of unit 01 of T1 & T2 Office Building, Zhongjiao Fortune Center, No. 118 Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei
-  Telephone: 0311-89881000
-  Fax: 0311-89881280
-  Post code: 050000
-  Quantity of institution: 10

**Shantou Branch**

-  Address: 1-4F, Chaoshanxinghe Building, Jinhuan Road, Shantou, Guangdong
-  Telephone: 0754-88262689
-  Fax: 0754-88262489
-  Post code: 515041
-  Quantity of institution: 27

**Suzhou Branch**

-  Address: Block A, Building 24, China Life Financial Center, Huachi Street of Industrial Park, Suzhou, Jiangsu
-  Telephone: 0512-80987768
-  Fax: 0512-80987500
-  Post code: 215000
-  Quantity of institution: 9



**Shaoguan Branch**

-  Address: 1-2/F of Commercial No. 1 and 8-9/F of West Tower Office, Shaoguan City Investment Group Business Center, No. 69 Binjiang Road, Wujiang District, Shaoguan, Guangdong
-  Telephone: 0751-8177989
-  Fax: 0751-8177959
-  Post code: 512025
-  Quantity of institution: 3

**Taiyuan Branch**

-  Address: 1-6F, Junwei International Financial Center, No. 89, Jinyang Street, Xiaodian District, Taiyuan, Shanxi
-  Telephone: 0351-2302121
-  Fax: 0351-2302157
-  Post code: 030006
-  Quantity of institution: 8






**Shenyang Branch**

-  Address: No. 197, Qingnian Avenue, Shenhe District, Shenyang, Liaoning
-  Telephone: 024-81378153
-  Fax: 024-81378171
-  Post code: 110000
-  Quantity of institution: 26






**Tianjin Branch**

-  Address: Tianjin Mansion, Jiefang South Road, Hexi District, Tianjin
-  Telephone: 022-58566111
-  Fax: 022-58567625
-  Post code: 300202
-  Quantity of institution: 12

**Shenzhen Branch**

-  Address: The first floor, the second floor (East District), the 11th to 12th floors and the 14th to 19th floors of Building A, Dongfang Xintiandi Plaza, No. 1003, Shennan Road, Futian District, Shenzhen, Guangdong
-  Telephone: 0755-88919999
-  Fax: 0755-88919021
-  Post code: 518000
-  Quantity of institution: 42

**Wuhan Branch**

-  Address: CGB Building, No. 737 Jianshe Avenue, Jiangnan District, Wuhan, Hubei
-  Telephone: 027-85354783
-  Fax: 027-85354848
-  Post code: 430022
-  Quantity of institution: 25

## Directory of organizations

### Urumqi Branch

-  Address: No. 480 Renmin Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region
-  Telephone: 0991-2953333
-  Fax: 0991-2953260
-  Post code: 830001
-  Quantity of institution: 10





### Zhengzhou Branch

-  Address: No. 10, CBD Commercial Outer Ring Road, Zhengdong New District, Zhengzhou, Henan
-  Telephone: 0371-68599907
-  Fax: 0371-68599908
-  Post code: 450018
-  Quantity of institution: 45

### Xi'an Branch

-  Address: 1, 35, 38-41F, Xi'an China Life Financial Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi
-  Telephone: 029-89568536
-  Fax: 029-89568528
-  Post code: 710036
-  Quantity of institution: 12

### Zhongshan Branch

-  Address: No. 55 Huabai Road, Shiqi District, Zhongshan, Guangdong
-  Telephone: 0760-88861998 (switchboard)
-  Fax: 0760-88861968
-  Post code: 528400
-  Quantity of institution: 15

### Yangjiang Branch

-  Address: Jinghu Comprehensive Building, No. 38 Dongfeng 3rd Road, Yangjiang, Guangdong
-  Telephone: 0662-3367692
-  Fax: 0662-3367672
-  Post code: 529500
-  Quantity of institution: 6

### Zhuhai Branch

-  Address: No. 68, Jida Jingshan Road, Xiangzhou District, Zhuhai, Guangdong
-  Telephone: 0756-3250778
-  Fax: 0756-3250778
-  Post code: 519015
-  Quantity of institution: 15

### Zhaoqing Branch

-  Address: No. 75-1 Tianning North Road, Duanzhou District, Zhaoqing, Guangdong
-  Telephone: 0758-2313023
-  Fax: 0758-2313013
-  Post code: 526040
-  Quantity of institution: 17





### Macau Branch

-  Address: 18/F, Guanghui (Group) Commercial Center, No. 181-187, Alameda Dr. Carlos D'assumpcao Square, New Port, Macau
-  Telephone: 00853-28750328 (switchboard)
-  Fax: 00853-28750728
-  Quantity of institution: 5

### Zhanjiang Branch

-  Address: No. 22, Zhongshan 1st Road, Chikan District, Zhanjiang, Guangdong
-  Telephone: 0759-3366558
-  Fax: 0759-3313285
-  Post code: 524032
-  Quantity of institution: 13

### Hong Kong Branch

-  Address: 12/F, Tower 1, Exchange Square, 8 Connaught Place, Central, Hong Kong
-  Telephone: 00852-38509800
-  Fax: 00852-25300123
-  Quantity of institution: 1

### Credit Card Center

📍 Address: 8, 9, 10, 11, 12, 13/F, No. 10 Zhujiang West Road, Pearl River New Town, Tianhe District, Guangzhou, Guangdong

☎ Telephone: 020-38738888

📠 Fax: 020-38738992

✉ Post code: 510623

🏢 Quantity of institution: 65

### Fund Operation Center

📍 Address: 35/F, China Life Financial Center, No. 88, Yincheng Road, Pudong New Area, Shanghai

☎ Telephone: 021-23297106

📠 Fax: 021-23157201

✉ Post code: 200120

🏢 Quantity of institution: 1

### CGB Wealth Management Co. Ltd,

📍 Address: 31F, No. 166, Lujiazui East Road, China (Shanghai) Pilot Free Trade Zone

☎ Telephone: 021-68298600

📠 Fax: 021-50338709


✉ Post code: 200120

🏢 Quantity of institution: 1






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